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# USSR Report

INTERNATIONAL AFFAIRS

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USSR REPORT  
INTERNATIONAL AFFAIRS

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## **EAST-WEST RELATIONS**

### **CEMA, CHINESE EXPERIENCE IN JOINT VENTURES WITH WEST**

**Moscow FOREIGN TRADE in English No 2, 1987 pp 11-15**

**[Article by Boris Fedorov]**

**[Text]**

In the 1970s and 1980s many socialist countries started looking for new forms of economic cooperation with the advanced capitalist nations. This applies, among other things, to the establishment of joint enterprises with Western companies which can help in the accomplishment of long-term economic tasks the socialist countries are facing and stimulate the growth of their production potential.

Joint or mixed (with mixed capital) enterprises are fairly common in the economic practice of many countries when setting up industrial, trade, financial and credit institutions. They can be found in most varied sectors of the economy in the capitalist, socialist and developing countries alike. From the legal viewpoint, joint enterprises come mostly as of joint-stock limited companies formed by two or more business partners or institutions. Another popular form of joint enterprises is known as "contract companies" which are constituted on the basis of detailed agreements on the size of each party's share in the joint stock, the term of cooperation, the profit-sharing scheme (not always in proportion to the parties' shares), the duties and responsibilities of each party and so on. There is no basic difference between joint-stock and contract companies, and the specific form of arrangement always depends on local conditions and the purpose of the cooperation.

Socialist countries have had experience in running joint enterprises with foreign partners. Their numerous joint-stock companies abroad actively handle export-import, contract and transportation operations and services. The USSR alone has about 100 such

companies. The CMEA countries have two successful collective banks, the International Bank for Economic Cooperation and the International Investment Bank, while just recently the Soviet Union signed a number of agreements with European socialist countries on the establishment of joint research and production associations, notably with Bulgaria. There are similar joint enterprises in other socialist countries: the Haldex mining company (Hungary-Poland), the Przyjazn cotton mill (Poland-GDR) and others.

In recent years most of the socialist countries have found it expedient to run joint enterprises with Western companies on their own territories. Relevant laws or government decrees have been passed in Czechoslovakia, Poland, the DPRK, Bulgaria, Vietnam and Cuba, although only Hungary, China and Romania have actual experience in this field.

The main principle underlying the establishment of joint enterprises in which Western companies participate in the socialist countries is an invitation for them to jointly operate in sectors of economy which have a clearly marked export or import-replacing character. Such joint enterprises are primarily meant to save convertible currency for the socialist countries and ensure its additional inflow. Socialist countries are particularly keen on cooperation in industries deciding scientific and technological progress and promoting the accomplishment of key socio-economic tasks. In particular, the Polish law on joint enterprises stipulates that they must promote the introduction of advanced technologies and managerial methods, increased production of export goods and services, and better satisfy the country's domestic demands. During consideration of the proposals for the establishment of joint enterprises in Czechoslovakia, preference is given to the production of machine tools, domestic electronic appliances and energy-saving equipment as well as to the organization of tourism.

It should be pointed out straight away that joint enterprises in the socialist countries are necessarily viewed as an integral part of their planned socialist economies and operate within the limits of socialist legislation. As a rule, joint enterprises in which Western companies take part do not have planned targets and enjoy broad economic independence. However, their output and material and financial requirements are duly taken into consideration when drafting

national economic plans and intersectoral balance sheets.

After the settlement of all technical issues with the particular Western company and confirmation of the economic expediency of the proposed venture, following the requests from the ministries, depart-

ments, production works and institutions concerned, joint enterprises in socialist countries are set up. The same agencies normally become stock (share)-holders in the new joint enterprise, appoint its chairman (director) and some members of the board. In the practice of socialist countries only their citizens can be appointed directors of the joint enterprises.

On the nation-wide scale the matters of joint enterprises are handled first of all by the foreign trade and finance ministries, i. e. by the organs responsible for the organization of the whole complex of foreign economic relations and for the observance of financial and economic legislation. The distribution of functions among these ministries depends on specific conditions in each particular country. In Hungary, for example, permits for the establishment of joint enterprises are issued by the finance ministry, in Poland by the ministry of foreign trade. However, in all cases, the final decision is taken only after the opinions of all ministries and authorities concerned have been harmonized. An important role, for example, is played by banking institutions where the bulk of all information on the operation of joint enterprises is concentrated and which control current banking accounts. A number of countries are agreed on the need for setting up a special centralized agency whose functions would include representation and protection of the interests of joint enterprises in the home economy, and elaboration of the general principles of management and control.

The most important issues in the organization of joint enterprises with the capitalist countries are the share of participation of the foreign partner, distribution and transfer of profits, tax regulations, the term of operation of the enterprise, guarantees to foreign partners, foreign trade and currency borrowing rights, price formation, and relations with indigenous enterprises and organizations.

In most cases, the share of a state or cooperative agency in a joint enterprise in the socialist countries must not be less than 51 per cent which gives them the minimum controlling interest. This is how it is in,



say, Poland, Czechoslovakia and Romania. However, other socialist countries set the task of attracting maximum foreign investments and allow the establishment of joint enterprises with the controlling interest held by foreign capital (in fact, it is often more important to stipulate the minimum share for Western companies). In Hungary, for example, the minimum share for foreign participants since 1986 has been 30 per cent, while for banks and services the maximum foreign share may be much higher than 50 per cent. In Vietnam, the foreign share in fully export-oriented production may be as high as 100 per cent. In practically all socialist countries legislation allows the predominance of foreign capital as an exception and by special authorization.

Contribution to the stock of joint enterprises may come not only in the form of money but also of real assets (on lease terms), machines and equipment, technologies, licences, and so on. Sometimes socialist countries stipulate the minimum monetary contribution for foreign partners, both in absolute and relative figures. In Hungary, for example, it is the foreign exchange equivalent of 25,000,000 forints. In China, legislation provides for rigid proportions between the joint-stock capital in foreign cash and outside credit. For example, with the stock of three to ten million dollars the borrowed capital may not outweigh the joint stock.

Some socialist countries limit the term of operation for joint enterprises whereupon the foreign-held shares are bought back by the state. This is done mostly on the assumption that with time the need for such cooperation with the Western company will pass away and the enterprise will be able to work independently. In particular, in China, many contract enterprises are set up for a term of only 7 to 15 years. However, a very short term may reduce foreign interest in such cooperation since it takes several years to get the enterprise really operationable. This is probably why in February 1986 China raised the maximum term of operation for joint enterprises from 30 to 50 years, in Vietnam such limitations have been recently lifted altogether.

Another issue of fundamental importance in the establishment of joint businesses with Western companies is the question of guarantees for the foreign partner. It is very important to convince the Western company of the complete safety of its investments

under any extraordinary circumstances or even nationalization. For example, in Hungary the National Bank guarantees compensation to foreign companies in case of losses as a result of government actions or the transfer of their share abroad in case of the closure of joint enterprises. In Poland, the National Bank guarantees the return of the foreign share, while Vietnam issues a guarantee against nationalization for up to 15 years. Both Hungary and Romania guarantee the transfer of the foreign partner's profits in hard currency.

The tax regulations applied with respect to joint enterprises simultaneously protect the interests of the socialist state and secure the interest of the foreign partner in cooperation. The principal element of these regulations is the profit tax. As a rule, the maximum or prime tax on the profits of joint enterprises is lower than for enterprises in the public sector: 50 per cent against 75 in Czechoslovakia, 30 per cent against 40 in Hungary, and 50 per cent against 60 in Poland.

In most socialist countries joint enterprises are entitled to various tax concessions. This includes concessional periods ("tax vacations") during which the tax rate is reduced or there is no tax at all. This concession is offered by Hungary, China, Poland and Vietnam. In Hungary, for example, during the first five years the tax rate is 20 per cent, while in some industries no tax is levied during that period at all. In China joint enterprises are exempt from tax during the first two years, in the next three years they pay only half the normal rate. Since October 10, 1986, enterprises in the field of high technology are entitled to a six-year concessional tax rate.

In Poland, to bolster export production by joint enterprises, the government has reduced the maximum tax rate on their operation from 80 to 50 per cent and has decreed that for each per cent of products exported for convertible currency the tax rate will be cut by 0.4 per cent. This means that if an enterprise exports all its products its profit tax will be just 10 per cent. In China the profit tax was reduced by half in October 1986 for enterprises exporting 70 or more per cent of their products, while in Dalan (one of the cities with a special economic status) they have made all enterprises exporting more than 60 per cent of their products or actively introducing high technology fully exempt from tax for five years.

A number of countries offer tax concessions to joint enterprises in key sectors of their national economies. In Hungary, for instance, these sectors include electronics, motor vehicle spares and assemblies production, equipment manufactured for agriculture and the food industry, production of medicines and herbicides as well as tourist services and energy-saving technologies. One should also mention tax incentives for enterprises in remote or otherwise unfavourable regions. The system of sectoral and regional tax concessions is particularly broad and diversified in China.

After the deduction of tax and the replenishment of reserves (in Poland, for example, 10 per cent of the profits are transferred to a reserve fund for offsetting probable losses), the remaining profit is shared between the partners in proportion to their contributions to the common stock if the sides have not agreed otherwise by special authorization. There are different regulations in different countries for the distribution of profits or dividends. In Czechoslovakia profits transferred abroad are taxed at the rate of the 25 per cent if there is no bilateral agreement on double taxation (such an agreement with the FRG, for example, reduces this tax to just five per cent). In China, the tax on exported profits is 10 per cent, but the most efficient enterprises may be encouraged with exemption from this tax. In a number of countries there are no special taxes on dividends, but there may be measures restricting their transfer abroad or for encouraging their re-investment. In the majority of socialist countries the part of the profit to which the foreign partner is entitled to is freely transferred abroad since this issue is of fundamental importance for Western companies.

There may also be other measures applied to joint enterprises in the socialist countries. For example, Polish legislation provides for the mandatory exchange of 15 to 20 per cent of currency revenues into zlotys at a rate decided for each particular case. Besides, there may also be a turnover and real estate tax, customs duties and so on.

Joint enterprises in the socialist countries are fully orientated on using local manpower, and the employment of foreign specialists is strictly limited. That is why joint enterprises come under local pay and labour legislation, and all foreigners are paid on a contract basis. In most cases they are paid salaries at the rates of their own countries in currency (in Poland

the share of currency in foreign specialists' salaries is up to 50 per cent) and also in local money. Sometimes, the transfer of salaries abroad is limited to the size of the currency share. In most socialist countries the salaries of foreign specialists of joint enterprises are liable to social security deductions at the existing rates (in Czechoslovakia this rate amounts to 20 per cent of the overall wage fund) and to salary taxes which stand in Poland and China at 20 per cent of the wage fund.

The settlements of joint enterprises are normally handled by national state and foreign trade banks since this is a necessary element for effective control. The bulk of all financial transactions of joint enterprises are made in foreign currency, but accounts are opened in local currency, too. Only a few countries like, say, Hungary, allow foreign exchange accounts to be opened in foreign banks, and even then national legislation stipulates the minimum size of foreign-exchange deposits to be made in state banks of the host country. Credit services may be handled both by socialist and foreign banks (with limited foreign-exchange reserves it is often more profitable that credit for the joint enterprises be issued by Western financial institutions). To attract foreign partners and to stimulate the activity of joint enterprises some countries offer concessional credit terms. Among others, this is done by the Bank of China.

For the sake of closer currency control joint enterprises in socialist countries are sometimes viewed as conditionally foreign businesses or "hard currency enclaves." All accounting and transactions in that case are made in foreign currency, and all trade deals (including those inside the country) are equated to export and import. In other countries like, say, Czechoslovakia the legislation equates joint enterprises with local businesses and gives them equal rights.

As a rule, joint enterprises receive a general permit to perform foreign trade operations and sell their products abroad directly or through the sales network of the foreign partner. On the other hand, they may extensively use the export services of state-owned foreign trade organizations. In foreign trade, joint enterprises represent the host country, thus all the international trade agreements of that country, quotas, contingents, customs tariffs and so on apply to them automatically.

Relations with enterprises in the public sector are built fully on a commercial basis, and internal trade transactions can be made both in foreign and local currency, but almost always on the basis of world market prices. All conversions from foreign to national currency are made at the official exchange rate, although various coefficients and bonuses may be used to stimulate a heavier inflow of foreign currency.

Decisions to develop cooperation with the capitalist countries in the shape of joint enterprises on home territory have been passed by most of the socialist states, although concrete steps in that direction have been made so far by only a few of them. Each of these countries has its own specific terms of operation for joint enterprises and there are differences in the legal and other regulations of their activities.

The best known of all is the experience of Hungary where the issue of "economic associations with foreign participation" was dealt with even in the early 1970s. In 1977 the government adopted appropriate rules for the setting up of joint enterprises which have been repeatedly modified since then (last time in early 1986) to make this form of economic cooperation still more efficient. At the moment there are about 280 enterprises with foreign participation in Hungary.

An important distinction of the Hungarian variant of joint enterprises is the broad list of economic sectors in which they operate. Whereas at the first stage they were allowed mostly in industry (electronics, chemistry, pharmaceuticals, light industry), today they may be set up in the spheres of tourism, services, agriculture and the banking business. In recent time, the list of joint ventures has come to include hotels, shops and other facilities. As an example one can cite the APB-Hungaro enterprise which turns out products for the food industry (including for export). Forty-nine per cent of the capital of that enterprise belongs to two British companies and 51 per cent to the foreign trade organization Komplex and to two Hungarian industrial associations.

A joint enterprise need not necessarily include an agency or enterprise from the corresponding field. Very often shares in them are held by foreign trade organizations that have the necessary foreign economic experience and opportunities. Some of the joint enterprises have banking institutions among

their share-holders. In 1986, for example, a footwear enterprise called Adidas-Budapest GmbH started operating, in which 51 per cent of the capital (30 million forints) belong to Adi Dassler Stiftung und Co. of the FRG and 49 per cent to the Hungarian Bank for Foreign Trade and to the state-owned companies Trikotex, Hungarocoop and Artex.

Hungary is the first socialist country to have started setting up banking institutions with foreign shareholders. For example, the Central European International Bank in Budapest (capital—20 million dollars), in which 34 per cent of the shares belong to the National Bank of Hungary, and six Western banks, including those from the FRG, Austria, France, Italy, Japan, hold 11 per cent each, has been actively operating since 1979. In 1985 the balance sheet assets of that bank added up to 380 million dollars and the profits to 6.3 million dollars. Since 1986, Citybank has been actively operating in Budapest; 20 per cent of its assets belong to the National Bank of Hungary. These banks may issue foreign exchange credit to enterprises for the development of their export potential, but they are mostly orientated on purely international operations.

By the middle of 1986 China had signed 6,850 agreements on the establishment of joint enterprises with foreign participation, which include 2,645 joint-stock, 4,075 "contract" and 130 fully foreign enterprises. In effect, however, only about a third of these joint enterprises are operating today. The bulk of investments in these joint enterprises is made by companies from Hong Kong (58.6 per cent), Japan (15.6), the USA (9.6) and Western Europe (9.3 per cent).

One of the major distinctions about joint enterprises in China is the great diversity in the conditions of their operation since the special economic zones and 14 coastal cities may introduce their own benefits and restrictions. On October 10, 1986, a broad programme of measures was adopted in China to encourage the operation of joint enterprises in all parts of the country. That included considerable expansion of the rights of joint enterprises to hire manpower, plan their operations and appeal against decisions of the local authorities which play a great role in the establishment of new enterprises.

The majority of joint enterprises in China operate in the light industry, auto-making and services (hotels) as well as in the production of household electronic appliances and in mineral prospecting. The general

volume of agreements on direct foreign investments in the Chinese economy in 1979-1985 exceeded 16,000 million dollars, although the sum actually invested was 4,600 million, while in 1986 the inflow of foreign capital has subsided by about 20 per cent compared to 1985.

On July 1, 1986, a new law on joint enterprises came into effect in Poland. Before that more than 6,000 small foreign businesses belonging to people of Polish descent (Polonia Law) and several small joint enterprises with the participation of the private sector had been set up in the country. The new law thoroughly stipulates the procedure for the establishment of joint enterprises and for their activity. Talks are in progress now with about 40 Western companies, yet only one mixed company has been set up so far and that for the construction and operation of a new LOT airline terminal in Warsaw.

In Czechoslovakia enterprises in which foreign companies participate have never been banned in principle, and there are actually a few foreign companies which have survived since the prewar years. However, no new enterprises with foreign participation have been set up under the new people's government. It was only in 1986 that the authorities made the announcement that from now on proposals for such joint enterprises would be considered. Such enterprises are required to export their products to countries with convertible currency.

The majority of Soviet economists have agreed that given the retention of the commanding heights in the economy by the socialist pattern of economic management and proper organization of things, joint enterprises may produce tangible results. They generally boost the national economy, make a certain contribution to its intensification, improve the foreign trade structure and all foreign economic ties. Besides, cooperation between countries with different social systems acquires a long-term foundation, making it more immune to changes in the international political climate.

The experience of Hungary, China and other socialist countries shows that the establishment of joint enterprises invariably leads to various problems, notably related to the specific conditions in each particular country. However, there have also been attempts by Western companies to place the socialist countries in a technologically dependent position, by supplying key parts and sub-assemblies to them from

abroad. These and other problems and setbacks in a number of countries show the need for caution when setting up joint enterprises but all this does not negate their positive role.

Fears are sometimes being aired that joint enterprises with the participation of Western companies may result in the "penetration of capitalist relations into socialist countries," and that they are a sign of weakness or surrender of the socialist countries' ideological positions. Such critics, however, overlook the fact that joint enterprises operate strictly abiding by the laws of the host country and by the rules specially endorsed for them. Strict control over their execution guarantees the observance of the socialist state's interests.

The working conditions for workers and employees at joint enterprises are practically not different from those existing at similar state-owned enterprises. The statutes of all joint enterprises in which foreign companies take part clearly stipulate observance of socialist labour legislation as a necessary precondition. Workers employed at these joint enterprises are members of the respective trade unions and are entitled to all social security rights. The foreign partner, even if he holds the control interest, cannot close the enterprise at will, reduce wages or fire workers or employees.

The experience of the socialist countries witnesses the fairly high effectiveness of joint enterprises with Western participants as a form of foreign economic cooperation. Parallel with this, it is obvious that such enterprises should best be set up to clear "bottlenecks" in the underdeveloped sectors of the economy, but cannot be allowed to play the key role in it. The share of such enterprises in the general volume of production even in such countries as Hungary and China which have the largest number of such joint ventures is negligibly small.

The CPSU Political Bureau considered questions concerning establishment and operation in the USSR of joint enterprises and associations with participation of Soviet and foreign organizations and firms and pointed out that the new forms of cooperation were directed at deepening socialist economic integration, maximum utilization of the socialist community's scientific, technical and production potential and also at expanding and strengthening mutually beneficial economic relations with other countries.

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## THIRD WORLD ISSUES

### KIM ON GORBACHEV'S VLADIVOSTOK SPEECH, USSR-ASIA RELATIONS

Moscow ASIA AND AFRICA TODAY in English No 1, Jan-Feb 87 pp 3-7

[Article by Georgy Kim: "Asia: Historical Experience and the Modern Times"]

[Text] The world public continues closely to examine the ideas put forward in the speech delivered by the General Secretary of the CPSU Central Committee Mikhail Gorbachev, in Vladivostok on July 28, 1986. It is quite natural that, when speaking in the Soviet Far East, Mikhail Gorbachev gave considerable attention to the urgent problems of the Asian Pacific region.

Fully aware of the complexity of the current world situation and especially of the realities of the scientific and technological revo-

lution which has resulted in fantastic successes but has also, regrettably, brought about the possibility of self-destruction of the human race, the Soviet Union has developed a strategy for ensuring a comprehensive security. Providing for security in the Asian Pacific region forms an integral part of that strategy, since Asia and the Pacific, like Europe, is a major area of global confrontation.

Asia, accounting for more than half of the world's population, is a geopolitical complex comprised of nations with diffe-

rent social and political systems, which vary in their economic and cultural development, and feature a great variety of historical, cultural, and religious traditions. This is one reason why Asia has been the scene of major conflicts and discords on many occasions. There is a sad legend in Asia about one such conflict:

Once upon a time nations that had previously been at odds with one another agreed to put an end to all wars and to start building a gigantic tower that would reach to Heaven. They worked hand in hand, and the tower grew, rising higher and higher towards the blue sky. But as the tower brought them

closer to Heaven, discord, resentment, and suspicion reemerged and started growing. Wars broke out again — each nation wanted to be the master of the tower. And thus, the work of many generations was destroyed in those bloody wars, fought when just one more level remained to be built. All that is left of that tower is the world's highest peak, Mount Everest (Chomolungma), which stands today as a silent reproach to those who live in discord...

This popular legend has a moral and ethical message of no small import. For many centuries members of different tribes and nationalities, engaged in selfless constructive work, were denied the simple opportunity to establish normal understanding, neighbourly relations, and cultural contacts with each other. In these conditions the calls for unity and mutual respect made by outstanding humanitarians were, regrettably, drowned in a flood of chauvinistic and, in many cases, racist prejudices. The "powers-that-be" skillfully whipped up these passions, for the divide-and-rule principle served their egoistical interests faithfully. That principle is what kept the system of colonialism alive for 400 years, and Asia was both its biggest stronghold and a source of wealth for great numbers of foreign plunderers. As time passed, a powerful anti-colonialist charge accumulated in Asia, and made itself felt with unheard-of force in the twentieth century. "Awakened to new life, Asia enriched world progress with its diverse and original experience of struggle for freedom and independence," Mikhail Gorbachev stressed.

The peoples of Asia can be proud that, drawing strength from revolutionary solidarity — that great force of our epoch — they blazed the trail to decolonisation.

Colonialism has practically been wiped out, but its heritage remains, taking many forms. Mikhail Gorbachev stated that "national dignity, outraged by colonialism, the heritage of poverty, illiteracy and backwardness, and along with these — profound prejudice keep the soil fertile for distrust and hostility among peoples, including those living within the borders of one state. Imperialism uses difficulties and survivals of the past for its own ends, with the result that local conflicts, ethnic and religious internecine strife flare up, and political instability arises".

The correctness of this conclusion is obvious. Asia has been the scene of local conflicts more often than any other region; the Korean War and the Vietnam War, the two biggest armed conflicts since World War II, were fought in Asia. Even today Asia has the largest number of "hot spots" in the world.

Undeniably, the Asian Pacific region is a highly diverse area comprised of large states as well as of dozens of tiny nations, whose lifestyles and social systems have their own special features. But no matter how much the nations of the region differ from one another, they all share an absolutely new task—that of putting an end to distrust and suspicion and mastering the art of living in peace and neighbourliness. There is no other reasonable alternative in this nuclear age, when the need to safeguard the very existence of humankind is extremely acute. And the peoples of Asia must know this better than anyone else, since Asia is the only continent that has been exposed to the horrors of nuclear bombings.

In recent years, in connection with my work in the field of Oriental Studies, I have travelled about the Asian Pacific region, visiting countries large and small and familiarising myself with scientific and cultural centres of global importance. But who would attempt to deny that Asia and Oceania are also a boundless sea of backwardness, poverty, and stagnation — a direct result of imperialist plundering. It is truly difficult to name any other part of the world where the modern scientific and technological revolution stands side by side with the productive forces of the distant past in such marked contrast. In analysing the causes and consequences of the paradox, progressive scholars have always maintained that Asia found itself such a long way behind Europe through no fault of its own. Asia was enslaved, isolated, and humiliated through guile and fraud. The alien colonialists set Asian nations against one another, resorting to Jesuitical perfidy to sow the poisonous seeds of distrust among them.

Elimination of this appalling heritage calls for radical social change. The experience gained in the course of decolonisation showed that the acute problems involved in meeting people's needs can be handled more or less successfully only by a socio-political system that is capable of going beyond the narrow confines of nationalist isolationism and

entering the broad arena of optimal participation in the international division of labour.

The Asian Pacific region comprises more than 40 states, large, medium-sized, and small, and today accounts for more than half of the world industrial output. The region's natural resources are unique. At the same time, the region accounts for just one-third of the capitalist world's international commerce. Enormous opportunities exist for developing trade among nations within the region rapidly, to the benefit of all nations concerned. But apart from the United States, Japan, and Australia, just a few of the so-called new, industrialising nations of Asia have achieved tangible results in this area. All the other nations, which account for most of the population of Asia, the Pacific and the Indian Ocean areas, have not yet joined the system of regional exchanges and division of labour without which it is impossible to ensure genuine economic independence or to solve the problems central to social, economic, and cultural development.

In the above-mentioned speech in Vladivostok, the General Secretary of the CPSU Central Committee put forward a number of fundamentally new ideas on qualitative expansion of the Soviet Union's participation in the development of the Asian Pacific region, which have received an extremely favourable response the world over. These are realistic and profound ideas of great scope, and they easily win public approval.

It is no accident that newspapers in Tokyo, Delhi, Bangkok, Sydney, Manila, and other places, which represent different public views, invariably admit one thesis: in launching this unprecedented new "diplomatic peaceful offensive in Asia", the Soviet Union makes no claim to any special status, nor does it seek to increase its own security at the expense of others, but proceeds from a clear understanding of the existing realities and of the vital need to join forces and build new, fair international relations in the region. Particular attention is given to the fundamentally new, constructive proposals the USSR has made to promote further mutually beneficial relations with all the nations of the region, especially with the United States, Japan, and China.

The press in many countries has pointed out that the Soviet Union confirms its readiness to maintain peace and neighbourly relations not only by its

words, but by concrete deeds as well: it has unilaterally extended moratorium on nuclear arms testing, started withdrawing part of its troops from the Democratic Republic of Afghanistan, is negotiating a major reduction of its forces in the Mongolian People's Republic, etc. The Soviet Union has always taken a comprehensive approach to the problem of peace and security in the Asian Pacific region. Apart from lowering the level of military confrontation, the USSR proposes the development of extensive cooperation in all fields, especially economic cooperation.

The Soviet Union has all the resources for promoting highly intensive cooperation with Asian Pacific nations. Here is just one example: there are millions upon millions of tons of coal in Soviet Asia; the USSR is developing a brand-new method of making liquid fuel from coal, and in the future that fuel could be exported in large quantities to Asian Pacific nations with scarce energy resources.

In its efforts to broaden opportunities for economic cooperation, the Soviet Union is seeking for new ways of bringing this about, such as the establishment of mixed enterprises. We believe that this form of cooperation could be employed with Japan, for instance, and with other countries as well.

The USSR is ready to export certain types of industrial equipment and to increase considerably its imports from developing countries in the region.

Such cooperation can be highly efficient, a fact illustrated by the economic, scientific, and technological cooperation between the Soviet Union and India. During the past three decades major industrial facilities have been built in India with Soviet assistance: 58 industrial and other major projects have been commissioned and another 30 are being built or designed. These include iron-and-steel works, machine-building plants, power stations, oil refineries and training centres. Indian Prime Minister Rajiv Gandhi has said that the success of economic cooperation between the USSR and India is an example of equitable relations and a graphic illustration of fruitful and effective ties between states with different social systems.

The positive examples of neighbourly relations and cooperation in Asia indicate that the world community, each and every nation stand to gain a great deal if all states were to work together to find ways

of eliminating distrust and achieving political consensus and accord.

Naturally, when the Soviet Union says that political consensus is a matter of vital necessity, this does not mean cessation of all political confrontations, especially the class struggle in one or another of its forms. That struggle cannot be stopped or abolished by decrees. Moreover, the nature of that struggle largely determines the direction of social progress. Political consensus here means neighbourliness, which is exclusively concerned with the sphere of international relations and is currently focussed on one key problem — the prevention of a new world war, with all its deadly consequences for humanity. This simple idea, which, frankly speaking, has not been fully absorbed by everyone yet, was once expressed with great emotional force by India's outstanding leader, Indira Gandhi. Imagine, she said, hundreds and even thousands of Hiroshimas at once, imagine a world with no place to hide and maybe no one to hide. As increasing numbers of people throughout the world become aware of the consequences of the mountain of nuclear weapons, peace movements grow in strength and go beyond the bounds of political ideologies. The deeply-rooted instinct for survival, Indira Gandhi stressed, becomes the motivating force behind them.

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Here are a few facts that prove this beyond doubt. US warships operating in the Pacific alone carry more than 2,000 nuclear warheads. About 1,000 US nuclear warheads have been deployed in South Korea. Nuclear-armed US warships make regular calls to Japanese ports. There have been leaks to the world press indicating that another 15 or 16 countries may obtain nuclear weapons during the forthcoming years, and among them are South Korea, Pakistan, Israel and South Africa. Again and again one has to state, with bitter disappointment, that as a Pacific nation the United States has not yet displayed a readiness to handle the region's pressing problems in a serious and constructive manner. Clearly, its stand is at variance with the basic vital interests of the Asian Pacific nations which hope that the cessation of the arms race, especially the nuclear

arms race, will release enormous material resources for peaceful, constructive work.

These are unquiet times, that call for energetic efforts and practical decisions when temporising can be fatal. They demand that we should look not for differences in the positions states take, but for the common features that unite those states and form a universal platform for the sake of safeguarding life on Earth. This new way of thinking, which takes the realities of the nuclear age into account, is exemplified by the Soviet Communist Party's work in the international arena.

Let us examine the issue of nuclear disarmament, which is of vital importance to the whole region, since it undoubtedly underlies the creation of a comprehensive system of Asian security. Nuclear weapons, as well as chemical weapons, must be removed not only from Europe but also from Asia — this is the gist of the Soviet Union's new concept of comprehensive security for all nations, which was advanced by the Soviet Communist Party at its 27th Congress (1986). That concept was detailed with regard to the Asian Pacific region in a statement made by the Soviet Government on April 23, 1985, which outlined some specific, realistic ways of restoring confidence in Asia and establishing effective cooperation among states, in the interests of neighbourliness and peace.

The position of the People's Republic of China approaches to a no small degree that of the Soviet Union; the PRC has declared a ban on nuclear weapons and their full elimination as the ultimate goal of its foreign policy. In addition, the PRC has spoken in favour of a proposal that all the nuclear powers make a commitment not to be the first to use nuclear weapons, and not to launch military strategic objects into outer space. The PRC has also supported the demand that the nuclear arsenals of the United States and the Soviet Union be considerably reduced, which would create the preconditions for an international conference on nuclear disarmament.

A good many constructive ideas on easing international tension and reaching accord in Asian Pacific region have been put forward by India — a leading member of the Non-Aligned Movement. An active supporter of the global nuclear disarmament programme, India champions demilitarisation of the Indian Ocean and the establishment of a nuclear-free zone in the area.

The three non-nuclear principles adhered to by

Japan -- not to install, manufacture, or import nuclear weapons -- are of indisputable practical value, too, as is the Democratic People's Republic of Korea's proposal on making the Korean peninsula nuclear-free. Valuable initiatives in this field have been made by the Socialist Republic of Vietnam, the Mongolian People's Republic, Indonesia, and a number of other Asian Pacific nations. Without question, all this creates a preliminary platform for a Pacific peace conference to be attended by all the nations of the region -- this fundamental idea was advanced by Mikhail Gorbachev in his speech in Vladivostok.

Naturally, Asia differs from Europe in many ways. And there are quite a few reasons to note considerable differences between the situation that emerged in Europe on the eve of the Helsinki Conference in 1975 and the current situation in Asia. To a certain extent it can be agreed that the situation in Asia is much more complicated than the situation in Europe. But there is no need for pessimism. In the early post-war years Europe faced numerous tough challenges, too. Europe had to traverse a long road before the Helsinki Conference opened in 1975. That conference is significant because it showed that even the most complex international problems can be handled successfully if there is enough goodwill.

Asia, with all its complex problems, exhibits certain features that never existed in Europe. By this we mean not only the general rise of anti-war and anti-nuclear movements and the growing awareness that the growth of military confrontation presents a mortal danger as it may result in the extinction of civilisation. Asia has an enormous force that can play an even more important role in the struggle for peace, and that force is the Non-Aligned Movement.

The very principles of peaceful coexistence are largely focussed today in the Non-Aligned Movement, which has traversed a long and tortuous road from Bandung to Harare. It is possible to dwell on the difficulties and problems that movement has encountered, of course, as Western political scientists do. And perhaps it is possible to find quite a few slips and mistakes that influential international organisation has made. But the main thing is the fact that the Non-Aligned Movement has stood the test of time and is playing an increasingly important role in the world community.

All this has to be stressed here, for at various international conferences held in recent years, when



the situation in Asia was discussed, I heard scientists and public figures say that the idea of a nuclear-free world should be realised in Europe first. It is true that Europe today is the scene of a dangerous military and political confrontation between two different social systems, a place where the enormous armed forces of NATO and the Warsaw Treaty are deployed. But is this a weighty enough argument in favour of setting priorities in the struggle for nuclear disarmament? Probably not.

In this age, any region or even state can set a priority of an anti-war or anti-nuclear nature. One such noble initiative was proposed by the Pacific nations, which concluded an international agreement banning the deployment, production and testing of nuclear weapons on their territories forever. That group of peaceable Asia Pacific states thereby made a practical contribution to the implementation of Resolution 3477 on the establishment of nuclear-free zones in the Pacific, which was adopted at the 30th Session of the United Nations General Assembly...

It is absurd to discuss political priorities when the existence of civilisation and life on Earth is at stake. Since ancient times Asia has contributed greatly to universal progress. Today it should master the noble art of neighbourliness and peaceful coexistence and take new steps towards a world without wars, bloodshed, nuclear arms or any other monstrous weapons.

And this is one of the fundamental requirements of the new political thinking of our times. An invaluable contribution to the creation of that world is being made by the Soviet Union. Fresh impetus to that noble cause comes from the truly historic speech delivered in Vladivostok by the General Secretary of the CPSU Central Committee, Mikhail Gorbachev.

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## THIRD WORLD ISSUES

### VISITOR DESCRIBES AFGHAN TRIP, SCORES WESTERN INTERFERENCE

Moscow ASIA AND AFRICA TODAY in English No 1, Jan-Feb 87 pp 50-57

[Article by Fahri Lyabib: "And Onward Runs the Kabul River . . ."]

[Text]

We drove into a village that was surrounded by a wall. The greeting we got there differed radically from that we had received at the University. We saw two ranks of men—old and young—bearing arms. They were simple peasants. Time has left its mark on those who were older, but the younger ones looked smart, and held their heads proudly. A member of our party whispered:

"Looks like the government is arming its followers."

"That's very unlikely," I said. "If a government arms its supporters it gives them new weapons."

"Look these weapons are far from new. You probably don't know these British rifles because they were new before you were born. These are old Moser guns. Those of us who were alive during the Second World War, saw them. Now, look at that man. What he's got in his hands can't be called old or new: it's a homemade weapon."

"Do you mean that these people's weapons date back to World War II?"

"Of course," I replied. "You're correct. They may have inherited these weapons. They are an armed people, even if these are their only weapons. This is a people's war; intercontinental missiles, the US intelligence service, and hundreds of millions of dollars can't win it. This is a people capable of defend-

ing its interests even if the present government were against them. Neither tanks, crosscountry vehicles, aircraft, nor hordes of soldiers can save the enemies of the people from their inevitable retribution. Here, in this village, as in my country, people are not divided into friends or enemies on the basis of the eloquence of their speech or the strength they exhibit. They are judged on how close their aspirations are to those of the people and on how they work to meet its interests. One deed can sweep aside dozens and hundreds of empty, strident speeches. An armed people is a force for those whom it supports and a hell on earth for those it opposes. So, a government that leaves arms in the hands of its people does so deliberately, knowing that the people has a greater interest in the revolution than others do, is capable of defending it and is more worthy than others are of doing it. When this is the case, the revolution is not a gift from above, but the handiwork of the people itself. That is the true picture, and it reflects their readiness to defend their rights and their democratic government."

Grapes and tall trees dotted with red flowers grew in the courtyard we entered. I made a bouquet of them. When we were leaving I went up to the oldest armed man and humbly presented the bouquet to him, to a man who had lived in the distant past, was experiencing the present and defending the future, much of what he would probably not see. But he guards it, he stands on its threshold, securely blocking the path to many and varied thieves and bandits who may call themselves different names and wear different guises.

### The Sikhs

We headed back. The one remaining item on the day's agenda was a visit to the palace of King Habi-bulla who reigned Afghanistan during British rule. It does not resemble our palaces such as Kasr Abidin, el Kubba or Raas at-Tin. It looks more like the mansion of an Egyptian feudal lord, only somewhat bigger. There is a swimming pool and wonderful gardens containing a restive sea of roses and other fragrant flowers. My Afghan companion said:

"He had three hundred concubines. He wrote poetry and was friendly with the British. Today this palace is the property of the people."

"Like this man all of them, in every age," I replied  
"lived for their own pleasure, lived one day at a

time, and at the expense of the people who created these riches with their hands. These men's time is passing, their power is nearing its end."

We were informed that it would be impossible to return to Kabul that day—fog had enveloped the airport and planes could not land. So, we had to stay overnight in a nearby hotel. The people who had arranged our programme told us that if we wished we could go to a neighbouring village whose inhabitants—Afghan Sikhs—were celebrating Revolution Day. We decided to participate in the festivities and experience a part of their lives. That was why we went to their village. By Egyptian standards, its size was somewhere between that of a town and a village. The people who came to welcome us were crowded along the sides of the road. Hand in hand, soldiers, who were also Sikhs, formed a corridor for us to pass to the shrine. It was like our birthdays—the same commotion and bustle. All of the Sikhs had their hair wound round their heads and covered with a piece of cloth; not a single hair showed. It was hard to tell the boys from the girls: no mustaches or beards, no distinguishing facial features. I asked an Indian colleague.

"Does that have something to do with their religion? Or do they think there is something indecent about hair?"

"Probably both," he said. "The only thing I know for sure is that it is a sign of their faith. Nobody, except them, does this to his hair."

We left our shoes at the entrance to the shrine. Each of us was given a flat white ironed cap to cover our heads. Inside, the temple was decorated with different designs. It was divided into two parts: the right side was the men's half, while the left was the women's. Everybody sat on the carpeted floor. Upon entering the shrine every person knelt down and bowed to an altar-like wooden structure opposite the entrance. Elders whose gray beards covered their chests sat on the right-hand side of the structure, playing religious tunes on musical instruments. The women wore saris and had a dot on their foreheads. It seemed as though we were in India. The traditional clothes gave the scene a special colour and immediately indicated who their owner was. We were greeted and thanked for participating in the festivities. A man sprayed everybody with incense. Then we were invited to a kind of refreshment room where we were served hot tea, carbonated beverages and sweetmeats. My Afghan companion intro-

duced me to a stately Sikh, saying, "This is my teacher."

"And his father," the Sikh modestly replied, "was my teacher."

We returned to our hotel. My Arab companion said, "Those Sikhs had went through a lot of ordeals before the revolution: today they enjoy every right, civil and religious. They can freely perform their rites, thanks to the revolutionary government's policies. All Afghans have equal rights and duties."

### Under the Care of the State

We came back to Kabul, to our hotel, early on the following morning. I went up to my room to wash and change my clothes before starting on another tour of Kabul. This time we were to go to a public educational institution—an orphanage located near our hotel. Stepping out of the cars, we were deafened by the noise and din of voices. We were surrounded by children, aged from three to fifteen. Girls who looked like fresh buds presented us with bouquets of roses. The boys and girls sang songs, declaiming and raising their clenched fists as if taking an oath. I, a gray-haired man hardened by the years, involuntarily raised my fist and joined the children.

In the big hall we met the teachers, led by a serious woman. My friend from Democratic Yemen—a participant in the conference—told me that the construction of such establishments had been initiated by Mrs. Babrak Karmal, who was also their curator. The hall was decorated with a panel representing the Afghan people and its soldiers defending Afghanistan and the revolution. There were also several beautiful and skillfully made animal sculptures. In reply to our inquiry we were told that the expressive sculptures and the panel had all been made by the children. Then we went into auditorium which was already packed. There we listened to the children's choir. After that a slender girl sang an emotional song. Then Mrs. Karmal spoke. During her speech I suddenly had a keen sense of compassion. The hundreds of children who study here are orphans, their parents died defending the revolution, and the state assumed responsibility for their education and upbringing as a sign of profound appreciation for what the dead heroes did. It is guided by concern for their sons and daughters, by its duty to the generation that has paid the highest possible price to en-

able future generations to realise all their dreams and aspirations.

Similar institutions exist in every province of Afghanistan and they play the same role, perform the same functions. Furthermore, all the socialist countries, led by the Soviet Union, play host to many such children each year who come to receive medical treatment, spend their holidays or continue their education.

The noise and din had moved to the auditorium. I turned around and looked with compassion at those children who stood at the threshold of life but had already been deprived of their families and support. My sorrow was dispelled, however, by the enthusiasm on their faces, and the strength in their hearts. They had found support in the government that reflects the will of the people, had found a family in the people, had found father and mother, brothers and sisters in their democratic country—Afghanistan. Their voices sound as a warning to those who would try to defile the pure and sacred blood of their parents; these clenched fists are a warning to those who would try to impede the revolution for which the people unhesitatingly sacrificed their lives.

Leaving the auditorium I raised my clenched fists in a greeting to the new generation, the bearers of the will and determination to preserve and defend the gains of the revolution, to carry on the cause of their fathers and grandfathers for the sake of Afghanistan's future. I shook hands with the woman who carried that enormous responsibility and who, learning that I was Egyptian, firmly clasped my hand. I took it as a message of gratitude and love for the Egyptian people which I was duty-bound to convey.

### **The Facts**

In the evening, after dinner, I sat in my hotel room. Tuning in to Afghan radio, I heard the voice of Feiruz: it was like a greeting and a farewell to the Arab people at one and the same time.

Preparations for our departure had begun. On the next day we would all leave for our countries, leave Afghanistan. I opened the balcony door to admire the beauty of Kabul at night for the last time. I breathed in the cool night air, trying to marshal my thoughts, to understand what I had seen and felt. And the truths I had discovered passed before my mind's eye one after the other.

Truth number one. The Afghanistan I had seen was completely different from the one described in our newspapers, on radio and TV. This disturbed me. The information and political analysis we receive comes through the same channel; the West which is hostile to revolutionary Afghanistan, backs the Afghan counterrevolutionaries, and acts as a mouthpiece for those who had their privileges taken away from them by the Afghan people—the real masters of the country.

The Afghanistan which I crossed, from Kabul to the border with Pakistan, is an Afghanistan of revolution which had asserted itself, an Afghanistan of stability and dynamism. Those who are called mujahidins are neither fighters for faith nor revolutionaries. They may be called revolutionaries only if the banditry, arson and desecration of holy places they have perpetuated are called a jihad (a holy war), only if the mercenaries who obey the orders of the CIA are considered revolutionaries. These are the hard, irrefutable facts.

Truth number two. The developments in Afghanistan are not a struggle conducted by the mujahidins in defence of Islam (they constitute an insignificant minority) against the Afghan people which has betrayed Islam (and which constitutes the overwhelming majority). To believe Western accounts the entire Afghan people suddenly became apostates and rejected Islam, and the only faithful left are the gentlemen who have employed hired killers.

Nothing can be farther from the truth. What is happening in Afghanistan and at its borders is a struggle of Moslems against Moslems, a struggle between the government, the people and the tribes on the one hand and the rebels on the other. It is basically a struggle between the dying past and the nascent future, the old and the new; between a dependent Afghanistan and a free, democratic Afghanistan. The counterrevolutionaries fight to restrain, to halt the national democratic revolution, to destroy it. It is a national class struggle. It is a struggle between a front made up of the masses and patriotic democratic forces guided by the PDPA and the forces of feudalism which have close ties with the forces of colonialism. That is why the claim made by those who were thrown in the dustbin of history—the feudal lords, their agents and henchmen—that they are fighters for faith and lawfulness is similar to Reagan's claim that he is a fervent supporter of Islam and is concerned about its fate. That is why it is si-

ilar to the charges he has made against a Moslem Arab country—Libya, which, he alleges, has deviated from Islam and lawfulness. This shows how much damage is done to religion when it is used as a smoke-screen for the objectives pursued by anti-popular forces both within a country and beyond its borders.

The situation in Asia—on the Afghan-Pakistani border—is not much different from the situation in Africa—on the Angolan-South African border, or in Latin America on the Nicaraguan-Honduran border, or in the Middle East on the Lebanese-Israeli border. Defending its so-called "vital interests" (that envelop the whole world), America finances counterrevolutionary mercenaries so that they can establish sabotage centres in countries dependent on the US or linked with it by common interests, in order to destabilise and preserve tension in the world, in order to keep peoples from building national democratic societies by forcing them to spend their resources, time and energy on countering external aggression and subversive acts. When the Egyptian President refused to use his army against Libya, and the US failed to find any other henchmen or establish a land base for them, America revealed its true nature by acting on its own and using its marines and aircraft carriers against Libya, and before that against Grenada.

The so-called mujahidins who operate from Pakistani territory are in no way different from the Southern Lebanese army which fights the Lebanese people for America and Israel. If we do not believe that this venal army is really defending the interests of Maronite Christians in Lebanon, how can we believe that an identical army in Pakistan is defending the interests of Islam and lawfulness in Afghanistan, for the two forces are integral components of world colonialism's plans which aim to stamp out national liberation movements wherever they emerge. It is clear from these plans that whenever American colonialism can it will turn Afghan against Afghan, Asian against Asian, Lebanese against Lebanese, Arab against Arab. When this fails, America is forced to do this dirty work on its own.

Some people ask whether Egyptians are for Islam in Afghanistan or against it. This question has turned everything upside down. The question is: are we, Egyptians, on the side of the Afghan people



or on the side of its enemies? Are we with imperialism or against it? Are we on the side of the Afghan revolution or do we support the Afghan counterrevolution? Are we for the future or for the past, for reaction and backwardness or for the national forces, the forces of progress? Do we want the Afghan people to be shackled or do we want it to be able freely to realise its will, to act as it chooses, in its own interests? Where is our place in the historical struggle between the forces of liberation and the forces of colonialism? In which trench do we stand—in the trench of the enemy or in the trench of our friends and allies? The answers to these questions determine our attitude towards what has happened and is happening in Afghanistan.

Success for the Afghan revolution is revolutionising impetus for the entire liberation movement, it is invaluable experience which enriches its supporters and friends. Victory for the counterrevolution stimulates the forces of colonialism and reaction, gives the enemies of the revolution more experience, and retards the development of the entire revolutionary movement.

We must not be misled by the colourful false masks that hide the true face. The wolf is in sheep's skin.

Truth number three. For decades now colonialists and reactionaries have tirelessly repeated: socialism is incompatible with religion, and especially with Islam. Therefore, they claim, Moslems must erect a wall between themselves and the forces of the left in general and socialism in particular. In playing this card some reactionary and venal regimes burnt their hands. But their bankruptcy makes them hold all the harder onto this "trump card", for the world of deceit and lies has no other. Those who are wittingly or unwittingly taken in by this siren song find themselves in the camp of the enemies of their own interests and the interests of their peoples: The overwhelming majority of those who fall into this net of lies will not admit that they are subjected to humiliation by the colonialists and deny that their peoples, their families are under a social yoke. Otherwise, they would naturally come over to the camp of anti-colonialism, of the enemies of social oppression. Otherwise they would direct their wrath against the true enemies of their people. But in pursuing its own interests the force which is alien to them sets them a

different goal, fans the flames of religious fanaticism, calls upon them to protect religion and fight for it. They must therefore direct their anger against their own future, against socialism, for socialism is presented to them as an enemy of religion. This dirty game was successful during the split of the internal front and produced strife between forces that should have united in the cause of their common interests and fought as a single front against their common foe.

The developments in Afghanistan are important in that Afghanistan has managed to bring together all these forces, directing their arms against their true enemy. This has driven reaction and colonialism mad.

The existence of a national democratic, socialist-oriented state in a Moslem country, in the heart of Asia, is clear evidence that all the verbose preachers have utterly failed. That is why the struggle against this state, the attempts to destroy it, to strangle this example in its cradle, to bury alive even the initial experiment have become the "holy grail" for the unfeeling American government and its henchmen in the reactionary regimes of the region.

Truth number four. The democratic national government of revolutionary Afghanistan is not responsible for the continued undeclared war, which is being waged in an attempt to interfere in the country's internal affairs, now that it has liberated its land and is defending its borders. Responsibility rests with the counterrevolution, an ally and tool in colonialism's struggle against the Afghan people, the counterrevolution that has always resorted to banditry whose continuation today in the form of blackmail and subversive activities constitutes an easy way of acquiring dollars in payment for Afghan blood.

### **Home-Bound**

It is morning. Time to part with Kabul. I came here with a suitcase and worries. The suitcase is still with me, but my worries, concerns and doubts have been dispelled. The snow on the mountain tops disappears, the buds on the trees burst open. The harsh winter is drawing to an end. Afghanistan is putting on a spring dress and blossoming like a bride before her wedding. Out of the plane window I can

see the Kabul River—merry and bubbling, full of water, carrying life, blazing its path unimpeded through the mountains, making a gift of itself to the people. At its zenith, the red disk of the Sun, burns clear as the truth: Afghanistan has forever broken free from the clutches of colonialism and tyranny, a new stream is cutting its bed out of the rocks of history and time. Every night ends with a dawn that dissipates darkness; the night highwaymen leave the road on which noble and honest people will walk in the broad light of day. ■■

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## THIRD WORLD ISSUES

### WESTERN 'EXPLOITATION' OF DEVELOPING STATES CRITICIZED

Moscow ASIA AND AFRICA TODAY in English No 1, Jan-Feb 87 pp 10-12

[Article by Vasilii Solodovnikov, corresponding member of the USSR Academy of Sciences: "The Contradictions Grow"]

[Text]

*The effects of imperialist exploitation and plunder of the developing countries have become one of the most dramatic problems of our time which are fraught with sharp international contradictions, regional conflicts, social and political instability and further growth in the arms race. The economic backwardness and extremely low living standards that characterise the lives of most people in Africa, Asia and Latin America are also results of imperialist domination.*

*Just to get an idea of dimensions this problem has acquired, let us recall that of the more than two billion people living in the developing world, one-fourth are constantly in a state of hunger, while almost half of them are on the brink of starvation and poverty.*

*A billion and a half--well-nigh three-fourths of the developing countries' entire population--are deprived of medical care.*

*The leading capitalist powers have an 11-fold edge over the newly-free states in terms of economic development. Rooting out economic backwardness, hunger and poverty in the developing world--this is the task facing not only these nations and their governments but also the entire world community.*

The elimination of the imperialist colonial system and the emergence of the newly-free countries on the world stage represent the greatest gains humankind has made since it first began following the path of economic and social progress. However, liberation processes failed to eradicate the imperialist system by which the developing countries are economically exploited. On the contrary, that system has become more refined and flexible.

In a bid to impede the liberation processes, imperialism has launched an open offensive against those developing nations which refuse to submit to its diktat and seek to free themselves from imperialist subjugation. Particularly rigid policies are being pursued towards Angola, Ethiopia, Mozambique and other socialist-oriented countries, as well as towards those maintaining friendly and mutually advantageous relations with the socialist world. Imperialism is unfolding its offensive against socialism and the developing countries simultaneously, since under current historical conditions it is world socialism that plays the role of ally to Asian, African and Latin American countries in their anti-imperialist struggle for economic and social progress.

The sharp conflict between imperialism and the developing countries has its own history. In effect, it is the result of centuries of domination by a handful of imperialist states over backward colonial countries and peoples.

In his book, *Imperialism, the Highest Stage of Capitalism*, Lenin wrote that the profits imperialists make by exporting capital are "a solid basis for the imperialist oppression and exploitation of most of the countries and nations of the world, for the capitalist parasitism of a handful of wealthy states." He always stressed that the driving forces behind the export of capital to backward countries and the seizure of colonies are, above all, economic advantage and the pursuit of high profits. "As long as capitalism remains what it is, surplus capital will be utilised not for the purpose of raising the standard of living of the masses in a given country, for this would mean a decline in profits for the capitalists, but for the purpose of increasing profits by exporting capital abroad to the backward countries. In these backward countries profits are usually high, for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap."

\* \* \*

The development of industrial production, science and technology, alleviation of social tension, and the relatively high living standards that have been enjoyed in the developed capitalist countries during the imperialist period are largely the product of exploitation of colonial and dependent nations.

Many of those doing research into Western capitalism, past and present, sometimes forget that the colonial peoples paid for the industrialisation of those countries with their blood and sweat. But these practices are not a thing of the past. The development of monopoly capitalism raises the level of exploitation of the developing countries, which are viewed as the periphery of capitalism.

After World War II US monopolies became the chief exploiter of Asian, African and Latin American peoples. The United States developed, in fact, into a rentier country. Since 1945, the transfer of profits from other countries to American monopolies has surpassed the export of capital, even when the profits derived from international trade are discounted. Then the US began to live on the huge tribute it appropriated in the course of inequitable exchanges with backward countries.

According to official estimates, in 1945 the United States received \$ 115 million more from foreign investment programmes than investments themselves. With each year that passed the volume of neocolonial tribute grew. In 1953, for example, the "surpluses" from external investment stood at \$ 1,132 million; while by 1962 this figure had risen to \$ 2,750 million. Between 1966 and 1980 the US donated more than \$ 12 billion to the developing countries in the form of direct investments. At the same time the net profit turned by branches of US companies in these countries exceeded \$ 65 billion. In addition, American companies reinvested more than \$ 29 billion of their profits in developing countries between 1966 and 1981.

When subjecting data on the inflow of profits from the developing countries to the developed capitalist countries to a thorough examination, the regularity of the constant rise in the overall volume of these profits is easily discerned. The plunder of the underdeveloped countries by imperialism proceeded on a particularly large, if not gigantic, scale after the Second World War. The development of capitalism, the expansion of international trade, the growth of the volume of foreign investment in the developing countries, and scientific and technological progress—all these helped enrich the capitalist states and increased the dimensions of the plunder of the developing world.

The plunder of the developing nations is not only a fundamental economic problem but also a political one, for by examining the mechanism by which this plunder operates we can gain the answers to many urgent questions such as, why the developing countries cannot overcome economic backwardness and who bears the responsibility for this; whether they will ever be able to make use of the achievements of the scientific and technological revolution; what lies at the foundation of the growing contradictions between the capitalist and developing countries; and finally, how they can escape from this situation.

The Economic Declaration adopted by the 7th Conference of Heads of State or Government of Nonaligned Countries (1983) stated that between 1981 and 1982 alone incomes in the developing countries plunged \$ 37 billion as a result of a stag-

gering decrease in the prices for raw materials and a shrinking volume of international trade. The aggregate sum of private loans the developing countries received from banks during the same period plummeted by \$ 25 billion, their external debt reached \$ 540 billion by late 1982, and the passive balance of payment for that year amounted to \$ 62 billion.

If uncompensated factors are taken into account, the developing countries lost approximately \$ 200 billion in 1981 and 1982. This, in turn, resulted in slower rates of growth for industrial production, a further rise in the external debt, and the impoverishment of the working masses.

The Soviet economist N. Volkov estimates that on average, the uncompensated losses the developing world suffers each year (with the exception of losses resulting from inequitable exchanges in international trade) have a price tag of \$ 90 billion. It can safely be said that the imperialist system still exists because the plunder and ruthless exploitation of the developing countries continue.

A natural question arises: why do the developing countries continue to reconcile themselves with such an abnormal situation? The reason is that all the international economic and financial levers are in the hands of the imperialist countries' monopolies, which control the world capitalist economy. In his book, *The World Economic and Social Crisis*, Fidel Castro cites data on multinationals' sway over the world capitalist market. In 1976 they accounted for 70 per cent of world exports of bananas, rice, rubber and oil, over 80 per cent of exports of cocoa, tea, coffee, wheat, cotton, jute, copper, and tin; and 50 per cent of the exports of iron ore extract, bauxites, timber, etc.

If we add to the abovesaid that 28,000 branches of companies from industrialised capitalist countries operate in the developing world, that the leading capitalist countries play a decisive role in international organisations such as the International Monetary Fund and the World Bank, and that the developing nations have become debtors of imperialist predators, it will be perfectly clear why the former must pay a multi-billion tribute to international imperialism. They have, in essence, been transformed into rightless hostages to a small cluster of Western powers which dictate the fettering terms of economic and financial cooperation.

Citing documents of the UN Food and Agriculture Organisation, Fidel Castro provides evidence of the multinationals' diktat over the world market. Recently, prices of 15 types of raw materials were considerably reduced and many developing states found themselves on the verge of economic breakdown. For instance, between 1980 and 1982, the price of sugar went from 42 to 6 cents per pound; in other words, in a matter of two years it decreased 7-fold.

Imperialist exploitation of the developing countries resulted for the latter in a gigantic external debt now exceeding \$ 1,000 billion. The developing nations' external debt began to grow at a particularly rapid pace beginning in the mid-1970s. While in 1975, it was estimated at \$ 179.1 billion (discounting short-term loans), by 1980 it had risen to \$ 480 billion. A sizable portion—sometimes reaching as high as 77 per cent—of the developing countries' export earnings are used to repay their debts.

The steady fall of prices of raw materials and the move towards protectionism in the developed capitalist countries have also affected the developing countries' exports. The negative balance of payments of those newly-independent countries that do not export oil grew from \$ 11 billion in 1973 to \$ 109 billion in 1981. This figure has gone down somewhat in recent years but still remains at a rather high level. In 1982, the negative balance of payments equalled \$ 86 billion, in 1983—\$ 53 billion, and in 1984—\$ 45 billion. To cover the negative balance in trade, developing countries are obliged to obtain loans at high interest rates, thereby further increasing their external debt and the corresponding servicing fees. This is how the vicious circle was born and there is only one way out of it—a radical reappraisal of the world financial system.

The great plunder of the developing nations by the financial and industrial centres of modern capitalism has perpetuated their economic backwardness. This means that capitalism as a socio-economic system is unable to solve the problems connected with the developing countries' economic and social progress. Capitalism is by nature resistant to the idea of social justice for the working masses.

\* \* \*

The postwar period, when deep-rooted social changes occurred in the world, has been characterised by constant interference on the part of imperialists in the internal affairs of the emerging nations. Resistance to anti-colonial and social revolutions has become a mainstay of the foreign policies of the US and other imperialist powers. Fearful of social changes on the world scene, the ruling classes in the imperialist states will not part with the colossal and steady profits they constantly get by exploiting other countries.

In the long term the obtaining situation can be remedied only by protecting the economies of the newly-free countries from inequitable international economic ties. The USSR is ready to engage in a joint search for ways to find a just basis for resolving the problem of the newly-free countries' indebtedness. The Soviet Union supports the convo-



cation of a world congress on economic security, where all the problems that complicate and disturb the world economy could be comprehensively discussed.

The stand the Soviet Union has adopted with respect to the young states was reaffirmed at the special session of the UN General Assembly which gathered to consider the critical economic situation in Africa. The Soviet delegation urged the UN to work out an effective and comprehensive programme for solving the continent's economic problems.

The joint statement the delegations of socialist countries issued at the final meeting of the special session expressed support for the Soviet Union's initiative aimed at creating an all-embracing system of international security, including international economic security. The socialist countries maintain that in international relations there should be no place for arbitrariness, illegal embargoes, boycotts, trade, financial or technological blockades or the use of economic ties as a means of exerting political pressure. ■

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## THIRD WORLD ISSUES

### RAJIV GANDHI DISCUSSES NONALIGNED MOVEMENT

Moscow ASIA AND AFRICA TODAY in English No 1, Jan-Feb 87 pp 20-21

[Interview with Rajiv Gandhi: "We are Loyal to Our Principles"]

[Text]

As was stressed by the Soviet high-ranking Party leaders and statesmen at the 27th CPSU Congress, the USSR highly appreciates the role played by India in the nonaligned movement. Jawaharlal Nehru was one of creators of its philosophy and politics. During the particularly complicated period of aggravation of the international situation in the mid-1980s, thanks to the activities of Indira Gandhi and later to your activities, Mr. Prime Minister, as Chairman of the movement, India has done a great deal to achieve its cohesion on the basis of anti-imperialism and the struggle against neocolonialism, racism and nuclear threat. Now, together with the powers of Chairman, you have passed to Mr. Robert Mugabe the supreme responsibility for solution of the hard problems the movement has been facing in the contemporary world. In this connection how do you assess the outcome of the Harare Conference as compared, for example, with the Delhi 1983 Conference!

I find it difficult to compare them because this is the first summit nonaligned conference which I attended. However, I may say that it was a success and it has achieved good results. We, its participants, worked together in close unity, and as a result of these efforts, this movement has become much stronger.

The most important thing is that the conference has reiterated the exceptional value of the nonalignment doctrine as well as the fundamental principles of the nonaligned policy which are so dear to us and which we have followed unswervingly.

I am sure that under the chairmanship of Robert Mugabe, an outstanding statesman, our movement is to reach an ever higher level in its development, in bolstering up its unity and greater efficiency.

**What are, in your opinion, the main problems facing the nonaligned movement today?**

There are so many problems. I think that the main thing about the nonalignment is the nonaligned part of it, that is the right of a nation to be independent in foreign policy, in presenting its views on international affairs. Nonalignment is the only organisation which allows this.

Second, the nuclear disarmament is important, it is equally important today if not more, because of the danger of developments in that field.

Third comes the question of the established international order, the United Nations system, but even more than that. What has been established is the norms of international behaviour, which are being destroyed by certain countries acting unilaterally and not through multilateral forums; this trend must be reversed. Last but not least, the problem of elimination of apartheid remains critical to the movement. In Harare we have adopted several good decisions aimed at intensifying assistance to the struggle against racism in Southern Africa.

There is a lot of rumours and a lot of false attitudes in the Western press as regards the Harare Conference, as was the case during the work of the Delhi Conference three years ago. You probably remember that the US State Department sharply criticised its final documents calling them "unilateral" and "unbalanced" because they criticised the US many times but never censured the Soviet Union. Western politicians and political scientists point to the fact that the developing countries, including nonaligned states vote in the UN against the USA and together with the Soviet Union in 80 cases out of 100, claiming that the latter allegedly "manipulates" them. What can you say as regards such a stand towards the nonaligned movement?

We do not count how many times the Soviet Union voted with us, how many times the United States

voted with us or any other country. In the UN we vote on certain principles of what we think is right and correct. Each country has its own national interests... However, being nonaligned countries, we also have common interests and view world developments through the prism of those principles... We do not vote with other states, but we feel profoundly pleased when they vote together with us... Sometimes it happens that the approaches of nonaligned countries and other states are different. This is determined by corresponding circumstances. However, if these other states try to imagine the true logic of voting by nonaligned countries, if they look, so to say, honestly into the problem, they will see that our stand and logic are fair because they are based on definite principles, and we act in accordance with them.

What attitude should we take to the negative reaction of some American periodicals in connection with the fact that we criticise the USA more often than the Soviet Union? I believe that one should not compare criticism of the USA with the criticism of the USSR. One should assess the problems themselves which cause this criticism. If we deem it important to express our opinion on those problems, we do it without any hesitation... I do not think either that one should count how many times this or that side was mentioned. It is a clear statement relating to their actions which caused concern among nonaligned countries that really matters in relations with us. If problems arise with us in this connection in this or that world area, we shall always be courageous enough openly to state it. The great powers should regard our statements attentively and try to realise why we evaluate the developments precisely in this way.

**The Delhi Six addressed the USSR and the USA, insisting on the discontinuation of nuclear tests as the first step along the road towards complete elimination of nuclear weapons... How do you assess the stand of the Soviet Union on this key issue of our day and age!**

We called on all nuclear powers to introduce moratorium on nuclear tests and asked the USSR to prolong its moratorium. We are very happy that the Soviet Union did it for the third time already. It is very bad that the other nuclear powers have not yet joined it. We hope, however, that they will do it. ■

## THIRD WORLD ISSUES

### URGENCY OF INDIAN OCEAN PEACE ZONE EMPHASIZED

Moscow ASIA AND AFRICA TODAY in English No 1, Jan-Feb 87 pp 8-9

[Article by Arsen Ganiyev, ASIA AND AFRICA TODAY correspondent in Madagascar and Mikhail Golovanov: "An Urgent Demand"]

[Text]

*The proposal on making the Indian Ocean a zone of peace made by some of the coastal nations in the region figures prominently among the concrete initiatives the developing countries have suggested for strengthening peace and security and limiting the Western powers' military presence in Asia and Africa. The political map of the region is comprised of 44 continental and coastal countries with a total population of more than 1.3 billion. These countries vary widely from one another in terms of their national and religious specificities, their political orientations and the roles they play in world politics. Nevertheless, a clear majority of these states are calling for the creation of a zone of peace in the region.*

For many decades the Indian Ocean has been the target of colonial aspirations. After the Second World War, as decolonisation processes gathered momentum the region had been acquiring a bigger role in world affairs. Today, the imperialist powers have worked out plans that assign it great military and strategic importance.

In as early as December 1966, the British and US governments concluded an agreement on the joint use of the Indian Ocean for defense purposes. It was this agreement that the US used as the basis for building a communications and later a military base on Diego Garcia Island. In fact, during that particular period the United States laid the foundations of the "sea and island strategy". The nucleus of this strategy is the United States' desire to exercise control over most important sea lanes through the use of major naval units and navy and air force bases located within the territory of several coastal nations.

Apart from building up its direct military presence in the Indian Ocean the US promotes the activities of its allies in the region. The imperialist powers' growing military presence is exercised under the pretext of the mythical "Soviet threat", of "the need to protect sea lanes vital to the West", etc. Propaganda of this kind is intended to hoodwink the world public and neutralise in one way or another the sharp criticism to which the countries in the region have subjected the aggressive policies of Western powers in the Indian Ocean. The US administration has assigned special role in the Indian Ocean to the Rapid Deployment Force, which is subordinated to the Central Command (CENTCOM). CENTCOM also runs military bases on Diego Garcia Island, in Oman, Somalia, Kenya and a number of other countries. CENTCOM's sphere of operation includes 19 Asian, African and Middle Eastern countries.

The attempts the leading capitalist countries have made to maintain their domination in the region have been rebuffed by the developing countries, which are stepping up their actions against the aggressive policies of the US and its allies, against Western economic and political diktat, and are joining forces in defence of their sovereignty. It will be recalled that in as early as 1964, at the 2nd Conference of Heads of State or Government of the Non-Aligned Countries, which was held in Cairo, the Sri-Lankan government made a proposal concerning the creation of a nuclear-free zone in the Indian Ocean. This proposal subsequently became the newly-free countries' demand for a zone of peace in the region. The proposal also found support at the 3rd Conference of Heads of State or Government of the Non-Aligned Countries in Lusaka (1970), which adopted a corresponding resolution. It urged all countries to consider the Indian Ocean a zone of peace, where confrontation between the great powers and all types of military bases -- army, naval and air force -- had no place. At the same time this zone would necessarily enjoy nuclear-free status. The resolution was in effect the first international document to formulate the demand that the Indian Ocean be made a zone of peace.

The UN General Assembly first considered this issue in 1971, when Sri Lanka's permanent representative to the UN read a letter to the UN Secretary-General on proclaiming the Indian Ocean a zone of peace. The letter called for this question to be put on the agenda of the 26th Session. On December 16, the session adopted a Declaration of the Indian Ocean as a zone of peace. The Declaration represented a remarkable move to realise the legitimate desire of the countries in the region to secure peace in the Indian Ocean. And now, as before, it occupies an important place among the documents which define the fundamental concepts of this problem. The Declaration proclaimed the Indian Ocean, together with the air space above it and its seabed, to be a

zone of peace and urged the great powers to enter without delay into negotiations with the coastal states of the region with the aim of:

a) halting the escalation and expansion of their military presence in the Indian Ocean;

b) eliminating all bases, installations and military supply units in the Indian Ocean in order to make it a region where no nuclear or other weapons of mass destruction are deployed and where a military presence by the great powers ensuing from a confrontation between them will not be manifested in any form.

The Soviet Union does not deny that it has legitimate interests in the Indian Ocean. First, the Indian Ocean is close to the southern borders of the USSR, so the presence of the Soviet Navy there is dictated by the need to ensure the Soviet Union's security in the south. Second, the only warm water shipping route linking the European part of the USSR with the Soviet Far East, which is crucial to our economy, crosses the Indian Ocean. Besides, the Soviet Union carries out extensive scientific research in the Indian Ocean. Unlike the United States, it has no military bases there, nor does it build them or ship nuclear arms through the ocean. That is why the "great power rivalry," theory current in several coastal states does not tally with facts and serves merely as a disguise for preserving the imperialist powers' military presence in the region.

Persistently promoting the trend towards détente and cooperation in world affairs, the Soviet Union launched an initiative of tremendous political importance at the 31st Session of the UN General Assembly, when it submitted to consideration of the international community the Memorandum on the Discontinuation of the Arms Race and on Disarmament. One chapter of this document deals with creation of a zone of peace in the Indian Ocean and other regions of the world. The Memorandum stresses that in resolving the issue of establishing the Indian Ocean as a zone of peace "the universally recognised norms of international law with regard to freedom of navigation on the high seas and the corresponding need to make routine calls at the coastal states' ports, as well as to conduct scientific research must be fully taken into consideration".

General Secretary of the CC CPSU Mikhail Gorbachev said that the United States unilaterally broke off the Soviet-American negotiations on limiting military activities in the Indian Ocean and continue to build up their military presence there. The Soviet leader stressed that the USSR has repeatedly declared its readiness to renew these negotiations. Besides, the Soviet proposal put forward during the Soviet-Indian summit in 1982, which calls on all states plying the waters of the Indian Ocean to refrain from taking any steps that might worsen the situation in this region without waiting for an international conference on the Indian Ocean, is still relevant today.

The developing countries' demand that such a conference be convened under the aegis of the UN was first discussed by the 29th Session. Discussions were conducted not only in the UN but also within the framework of the Non-Aligned Movement, as well as during bilateral talks and at major international conferences. One of these was the international conference held in New Delhi in 1982, which was attended by representatives of the Indian Ocean as a Zone of Peace organisation from more than 50 countries, including the USSR. The Address to the Heads of State or Government of the Non-Aligned Countries adopted by the conference stressed that the conferees were deeply worried by the continued worsening of the situation in the Indian Ocean caused by the militaristic course taken by the United States, which sought to establish its military-political superiority in the Indian Ocean and subjugate the countries in the region. The documents adopted at the conference emphasised that the delegates were unanimously in favour of the constructive initiatives the Soviet Union and other socialist countries had put forward to ensure peace, detente and disarmament in the Indian Ocean.

At the same time, the aggressive policies the US leadership pursues to preserve the American military presence in the Indian Ocean came under severe criticism at the conference.

At the concluding stage of the August 1984 session of the UN Special Committee on the Indian Ocean the Sri Lankan representative submitted a draft resolution on behalf of a group of non-aligned countries which would have stated the opening of the conference for the first half of 1985 in Colombo.

The draft resolution was backed by the socialist states as well as several Western countries. It was agreed that further discussion of the draft would be postponed until the 39th UN General Assembly. During the preliminary consultations the United States blackmailed the non-aligned countries by resigning from the Committee and categorically rejecting the date fixed for the opening of the session. Even so, with the support of the socialist states the non-aligned countries managed to score certain gains: a resolution of the 40th UN General Assembly asked the Committee to complete the preparatory procedures in 1986, while 1988 was fixed as the deadline for the conference in Colombo, if an earlier date was not possible.

The unity of action by these states would create favourable conditions for developing cooperation among nations in the region and for consolidating national independence while further strengthening international security. ■



## THIRD WORLD ISSUES

### INTERVIEW WITH FORMER PRESIDENT OF TANZANIA NYERERE

Moscow ASIA AND AFRICA TODAY in English No 1, Jan-Feb 87 pp 22-23

[Interview by ASIA AND AFRICA TODAY correspondent in East Africa Valerian Sevryukov]

[Text]

Twenty five years ago Tanzania embarked on the road of independence. What are the main results achieved by the country in these years in political, economic, social and other fields?

It was Tanganyika which became independent in 1961; so the first achievement (which was the result of two separate decisions by two sovereign states) was the creation of Tanzania. In 1964 Tanganyika and Zanzibar together formed the United Republic of Tanzania, which has become stronger as the years passed.

Secondly, we have survived as a united, stable, and non-aligned nation --- which is no small achievement in the modern world. Further, our people are highly politically conscious and take an active part in their own government at both local and national level.

Thirdly, we have committed ourselves to building socialism, and made some quite significant progress in that direction. The land, water and minerals are all publicly owned; so are the public utilities---railways and telecommunications, air services, and power supplies. The financial institutions were nationalised, and all the major industries are owned by the community.

We have achieved universal primary education; at the dawn of independence less than half our children went to school at all. Secondary education has been greatly expanded, and two Universities have been established. Further, through adult education campaigns we have reduced illiteracy from about 80 per cent of the adult population to about 15 per cent. Also, basic health services have been taken into all our rural areas, and a system of reference to modern hospitals has been created.

Tanzania is a very poor country, so that none of our public or social services are adequate to our needs. But the structure is there. We have to do more to improve our economic infrastructure, and to expand our agricultural and industrial output, so that our nation has the capacity to improve the standard of living of the people in all ways.

In December 1962 during the ceremony of presenting credentials by the first Soviet Ambassador, you expressed the hope that the friendship between our two countries would be growing and strengthening. How do you appraise the present level of the Soviet-Tanzanian relations, their prospects and directions?

During colonial times there was no contact between the Soviet Union and Tanzania. Now we are friendly nations. Our leaders exchange visits; we discuss matters of common interest to our Parties and our Governments. The Soviet Union is helping us to establish a technical college, and we have had other assistance from it.

I see no reason why the present friendly and fraternal relations between our two countries should not continue and strengthen still further. That is certainly the wish of Tanzania, and I believe it is the wish of the Soviet Union also.

The Soviet Union highly appreciates the peaceful initiatives of the Group of Six Countries, in which Tanzania is an active participant. What concrete steps are the Six Countries going to take for preventing the threat of nuclear war and creating conditions for peaceful development of mankind?

How do you appraise the contribution of the Soviet Union to the course of ensuring detente, stopping the arms race?

I am convinced that the Soviet Union does not want war. The great suffering of its people, the millions who were killed, and the massive economic destruction they experienced during the war against nazi Germany, have all made the Soviet Union determined to do everything possible to avoid a recurrence of a world war. We are no experts on the technicalities of disarmament; but we believe that — especially over the last year or so — the Soviet Union has by its initiatives and flexibility done a very great deal to advance negotiations for disarmament. We hope that it will continue to work for this purpose, with patience and persistence. For we believe that the peoples all over the world share the desire for peace.

Thus, as a member of the Five Continent Peace Initiative, Tanzania greatly appreciates the moratorium on nuclear tests which the Soviet Union has applied for over a year now. We are glad that, shortly after our renewed appeal for a bilateral test moratorium leading to a Test Ban Treaty, the Soviet Union

again decided to extend its moratorium. It has also responded positively to other proposals which we have submitted to it and to the government of the United States of America. This willingness to cooperate with small countries for the sake of the peace of the world is of immense importance for the future of life on our earth.

Unfortunately our Six Nation Group has no power in world terms. We cannot force our proposals on anyone. We have offered to help with the verification of a Test Ban agreed upon by the Soviet Union and the USA, and we made detailed suggestions of how we could do this. So far we have not had a positive response from the US government to our proposals; but we have been encouraged by the very favourable response of very large numbers of people and groups in that country as well as in other parts of the world. We shall continue to do what we can to work for peace.

Tanzania has been rendering all-round assistance to ANC and SWAPO Liberation Movements; it participates in the struggle for total and early liberation of Africa from the remnants of racial-colonial domination. How do you estimate the prospects of the situation in South Africa and in Namibia and the role of Tanzania in solving the problem of Southern Africa?

The Tanzanian people, our Party, and our Government are all absolutely committed to the total liberation of Africa from colonialism and racism. We have always played an active part in this struggle, and we continue to do so. We shall give the maximum support to it until victory is complete. We have appreciated the help of the Soviet Union and its allies, and of China, in the national liberation struggles, and we appreciate the fact that this continues.

The struggle is now joined in South Africa and Namibia. The peoples of those countries are fighting and dying for freedom; every day there are reports of more deaths, and many thousands of people are in South African jails — often suffering from terrible tortures. The people of South Africa are demanding the release of their leaders, and negotiations between the racist government and their own national organisations for the purpose of bringing apartheid to an end. But the people are fighting with stones; the racists are fighting with bullets. The response to the people's demands is therefore more killing, more arrests, and more tortures. But still they maintain the struggle for freedom.

The South African regime feels threatened by its inability to conquer the spirit of the people. It therefore spreads its war against freedom, on the completely false assumption that free Africa's open and active opposition to apartheid means that the struggle of the Non-Whites of South Africa is led and control-

led from outside the country. The independent African states which share a border with South Africa are therefore attacked militarily and economically by the state of apartheid. But the free African states stand firm, despite great human and economic damage. And the struggle continues inside South Africa and inside Namibia.

Nonetheless, it would be a mistake to believe that because racist South Africa is under pressure, the apartheid regime will soon collapse or it will be unable to continue its attacks both inside and outside the country. The South African regime is very strong, and it has some powerful allies — in practice if not in words. The struggle has to be continued and intensified before victory will be achieved. The people inside South Africa, and the front-line states, must therefore be helped to defend themselves. Comprehensive mandatory economic sanctions must be applied by the United Nations, as a way of weakening the racist regime.

We appreciate the help which the Soviet Union has been giving to the progress of African liberation, and especially to Angola which is under particularly heavy pressure from South Africa. We are confident that this Soviet assistance will be maintained and extended as necessary, so that economically and militarily the frontline of freedom from colonialism and racism can be sustained and strengthened. ■

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FIRST DECADE OF UNITY, VIETNAM'S DEVELOPMENT REPORTED

Moscow ASIA AND AFRICA TODAY in English No 1, Jan-Feb 87 pp 44-47

[Article by Aleksandr Mineyev: "On the Path of the August Revolution"]

[Text]

Broad and long like a runway, Baidinh Square makes a particularly solemn impression against the backdrop of Vietnam's crowded and busy capital. The everyday vortex of hundreds of thousands of bicycles on which the residents of Hanoi hurry about their business, or simply slowly pedal along taking the air cannot be seen on this square.

Tranquillity always reigns here. This is a holy place. In the morning a string of people from different towns and provinces forms in the square. They slowly move towards the gleaming grey marble mausoleum of the leader of the Vietnam Revolution. Ho Chi Minh's behest—"There is nothing dearer than independence and freedom"—was implemented in 1975. That was when Baidinh Square changed beyond recognition. The entire modern and austere architectural ensemble of which the mausoleum is a part was designed by the Soviet architect Isakovich. This symbolises the indissoluble link between two historic events—the Great October Socialist Revolution of 1917 in Russia and the August Revolution of 1945 in Vietnam.

The path to victory was neither easy nor short for the Vietnamese Communists. It began back in 1920 when Ho Chi Minh and his comrades-in-arms adopted the ideas of the Great October Revolution. In 1945 they had not reached the end yet. That path was washed with the blood of these fighters. Prior to the revolution they perished, first, in the torture chambers of the colonial police and while doing hard labour on the Central Plateau, then during the fighting against the French colonialists; they were executed by the puppet dictatorship in South Vietnam, died from the bombs, shells and napalm US strategists used to "return Vietnam to the Stone Age" and bring it to knees. Among the principal stages of that path were the August 1945 Revolution, the rout of the French expeditionary corps near Dienbienphu in 1954, the Paris Accords, the withdrawal of the US aggressors from the war in 1973, and, finally, the complete liberation of South Vietnam in 1975.

The documents of the Communist Party of Vietnam (CPV) have defined the present stage as a period of transition to socialism. It is a period requiring great political wisdom, ideological staunchness in the face of strenuous class struggle and the ability to manage the economy properly. Vietnam's situation is unique in that socialism must be built in a country which for more than 20 years was divided between two opposing socio-political systems.

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When travelling along the country's main road, which stretches from Hanoi to Hochiminh City and then follows the flat and boundless valley of the Mekong Delta, you always look for something new. However, there are not too many

changes on the surface, unless you visit a big construction site. For the most part there are the traditional rice paddies with even rows of bright-green seedlings, peasants standing in water up to their knees, buffalos made drowsy by the heat, clusters of peddlers and small shops, snack-bars and repair shops in the central streets of small towns.

Of the former boundary along the 17th parallel only the Benhai River itself remains. Today, however, it does not even coincide with district boundary line. Differences between the North and the South are evident. They can be seen in the lay-out and architecture of towns and villages, in fashions and, what is most important, in the image of the big cities, along with the customs of the northerners and southerners. However, the North and the South have many more features in common because Vietnam is one country and the Vietnamese are one people.

What was the first decade of unity like in Socialist Vietnam?

I asked this question to writers in Hanoi, hydro-electric power station builders in Hoabinh, economic managers in Hochiminh City, scientists in Cantho and Dalat, people who had recently moved to the Central Plateau and peasants from the Mekong Delta. The majority of them were of the opinion that the period from 1978 to 1980 was the hardest.

"Indeed," Professor Nguyen Khac Vien agrees, "misfortunes of many kinds struck Vietnam simultaneously—economic, social, foreign and even natural."

Vietnam had long not experienced such a terrible flood as that which took place in the autumn of 1978 in the Mekong Delta, the country's chief rice-growing area. About one-third of the land under cultivation was flooded, together with the harvest. Without the help of the North, it is unlikely that the South could have dealt with pernicious effects of the disaster, although the North, too, was experiencing difficulties due to the devastating typhoons of 1977.

At approximately the same time the crisis in urban industry in the South reached its height. Three-four years after the Revolution the last imported raw materials and semi-finished goods had been consumed and there was a crying need for spare parts for American, Japanese and West European equipment. All of the fairly important enterprises were operating at one-third their initial capacity.

In 1978 the merchant bourgeoisie of Hochiminh City and other southern cities launched an economic offensive against the new social system. Taking advantage of the shortage of goods and weakness of the state distribution system, it monopolised the market. The revolutionary authorities responded by nationalising big and medium-sized commercial enterprises. Having lost the opportunity to line their pockets as before, the merchants (in Hochiminh City alone there were more than 300,000 such families) fled the country en masse, thereby setting an example for people from other sectors of the population, who had failed to understand the meaning of the changes. In view of the fact that the vast majority of merchants were of Chinese origin (huaqiao), the so-called "refugee problem" aggravated Sino-Vietnamese relations.

In the same year the Pol Pot men, who were in power in neighbouring Kampuchea, aggressed against the SRV, invading Vietnamese territory along the entire border. In rebuffing their aggressive actions and discharging its internationalist duty at the request of patriots and the genuine revolutionaries of Kampuchea, Vietnam helped overthrow the blood-soaked Pol Pot regime.

It was difficult to withstand these misfortunes but united Vietnam did. Beginning in 1979 the CPV took a number of steps aimed at restructuring the system of economic management and making rational use of existing economic patterns in the South, in the interests of socialism. This policy was later approved and developed by the Fifth CPV Congress.

By joining CMEA the SRV opened up new vistas for overcoming backwardness and devastation, and broadened its prospects for industrialisation and participation in the process

of socialist economic integration. The Soviet-Vietnamese Treaty of Friendship and Cooperation, signed in 1978, placed relations between the two countries on a new level, and provided Vietnam with reliable source of support in its work to build socialism and defend the Motherland. However, even today, the economy comprises the most responsible sphere of the struggle for socialism waged by the Vietnamese working people. It is still too early to say that the complex problems of the transitional period have been fully resolved. Highly impressive achievements have been attained in agriculture, the principal sector of the economy, in which the vast majority of the population is employed.

Cooperatives have been established in the North more than over 20 years ago. In recent years cooperatives in that part of Vietnam have been consolidated, their effective reorganisation has increased the peasants' interest in the ultimate results of their labour. In the South the creation of collective farms presented a difficult task because capitalist economic relations had become firmly rooted in rural areas, and the experience accumulated in the North proved insufficient.

To Dung, an official in the agricultural department of the rural areas around Hochiminh City, is an agricultural specialist. In 1978 he underwent training in the USSR and visited farms in Byelorussia, Moldavia and Krasnodar territory.

"Following the South's liberation," he related, "less than 50 per cent of the 100,000 hectares of arable land in the vicinity of Hochiminh City were cultivated. Within just five years the former white belt of the scorched land had changed beyond recognition. Peasants came back to the fields. In 1978 production teams, which were actually small cooperatives, began to be set up. Just one year later about half of the peasant farmsteads had been incorporated into them. However, there was no increase in production. The problem was that there had been an urge to collectivise labour in the countryside as soon as possible. Due to the haste, the authorities failed to train a sufficient number of managers for new farms, or to define relations between peasant collectives, on the one hand, and the state and industry, on the other. Sometimes, even the principle of voluntariness was violated. The private market had a greater influence on the peasants than state organisations. As a result, after the first two harvests two-thirds of the teams and cooperatives fell apart. We had to start all over again, beginning with low forms of co-operative farming and moving on up the scale, while ensuring the fulfilment of contracts between the state and peasants. Today the districts around Hochiminh City are a zone of complete collectivisation."

It was more or less the same in various Mekong Delta provinces. However, here by the end of 1985 collective forms of labour were employed on more than 87 per cent of the farmsteads in the South. While establishing new production relations in the countryside, Vietnam raised food production by an average of one million tons annually during the last five-year-plan period. For example, the 1985 harvest (not the best, due to weather conditions) topped 18.5 million tons. Of course, this is not much for a country with a population of 60 million, but it meets minimal requirements.

The production is expanding in urban areas as well. Here Vietnam has accumulated interesting and unique experience. While in Hochiminh City, I visited textile mills which had been created by merging small factories and shops. Firm economic ties linked these with networks of artisan cooperatives and family production units. The management of these mills is marked by flexibility and initiative, and they manage to attain

good results, even when there is shortage of raw materials and energy.

Phan Van Khai, the mayor of Hochiminh City, takes pride in the fact that he graduated from the Plekhanov Institute of National Economy in Moscow. More and more professional economists have taken up important posts in recent years. They replace the revolutionaries of the elder generation who bore arms to fight for socialism.

"Hochiminh City has remained the place where capitalist elements are being combatted most vigorously", Phan Van Khai says upon hearing my observations. "For well-known reasons, big enterprises, built during the neocolonial period, do not yet operate at full capacity. But production grows with each year that passes, and broader cooperation between southern and northern industries plays an important part in this growth. Through joint efforts small tractors for rice paddies, along with elementary equipment for farms and local industry, pumps and various kinds of engines are being produced. However, the potential of small industry, which is now being restructured along socialist lines, is particularly great. Domestic raw materials and the workforce are rationally used in this sector. Today Hochiminh City accounts for more than one-third of industrial production in the SRV. The city pins a great deal of hope on the Trian Hydro-Electric Power Station, now under construction, which will help solve the acute energy problem in the South, and in the future—on the Vungtau oil..."

The Trian Hydro-Electric Power Station and the joint enterprise for exploration for, and exploitation of, the petroleum and gas deposits on the continental shelf which has its coastal base in Vungtau are just two projects of Vietnamese-Soviet cooperation. The whole of Vietnam regards these and other important projects as the basis for the country's future development. The Phalai Thermo-Electric Power Station, the biggest in Vietnam, was built in the North, among the rice paddies of the Red River Delta. It already operates at full capacity. The Hoabinh Hydro-Electric Power Station, which is being built on the Black River, will be the biggest in Southeast Asia.

Among the CMEA countries, Vietnam stands to gain a great deal from valuable tropical crops. The young hevea plants set in the broad expanses of the red soil to the north and east of Hochiminh City with Soviet assistance have begun growing, while the implementation of a joint programme for the development of natural rubber production has entered its next stage. By the end of the 20th century Vietnam may become one of the biggest producers of that raw material. The USSR and several other CMEA countries are helping set up large state farms for the production of tea and coffee. The establishment and development of state farms on poorly developed lands are closely linked with the redistribution of labour. During the past five-year-plan period 950,000 people, mainly from the overpopulated valleys of northern and central Vietnam, moved to new economic regions.

Vietnam today is busy creating. It is solving problems inherited from the past, as well as new ones which crop up as Vietnam moves forward. Many more problems will have to be solved as the Vietnamese work to create the integral socio-economic organism of a single country. Sometimes failures and miscalculations adversely affect the development of the economy, and also the well-being and mood of the people. Capitalist elements have not laid down their arms and, from time to time, launch counter-offensives in the North as well as the South. As it struggles and develops, the country accumulates experience and makes more productive decisions. Not all that was charted in the first five-year plans has been realised, but a great deal has been accomplished.

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## GENERAL ECONOMIC AFFAIRS

### EFFECT OF NEW PROGRAM ON FOREIGN ECONOMIC AFFAIRS

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[Article by Professor Yu. A. Konstantinov, "The USSR's Foreign Economic Complex Under New Conditions"]

[Text] The profound reorganization of the entire economic mechanism which is now under way in our country in accordance with the decisions of the 27th Party Congress involves the foreign economic complex as well. A number of major steps are presently being taken in this area based on the decrees "Measures for Improving the Administration of Foreign Economic Ties" and "Measures for Improving the Management of Economic and Scientific, and Technical Collaboration with Socialist Countries", adopted in 1986 by the CPSU Central Committee and the USSR Council of Ministers.

In carrying out the fundamental reorganization of the mechanism which guides the functioning of our foreign economic complex, the USSR is giving due consideration to the objective process of internationalizing economic life. This is being brought about by the development of productive forces the world over and the changes now underway in the world arena in favor of socialism in the relation between these forces. The international division of labor is penetrating to ever deeper levels. A number of countries are now manufacturing a major portion of their output for international exchange as opposed to in-country consumption.

As General Secretary of the CPSU Central Committee M. S. Gorbachev noted, "World trends are such that in a great many countries foreign trade is increasing 2-fold faster than production. This greatly accelerates scientific and technical and economic development" (1). In raising the question in this way, the CPSU is emphasizing the extreme importance of the USSR's foreign economic ties in putting the notion of acceleration into practice. And this in due course necessitates consistent improvement of our foreign economic activities, first of all by radically increasing the part played by the productive sphere right where material goods are produced for export and where formation of import demand, which is related to production growth and qualitative improvement through the use of the latest technology and production methods, takes its form.

For the past few years, the USSR has been taking definite steps to strengthen the interaction between foreign trade and the manufacturing sector. Specifically, these steps have called for enlarging the part played by the sectorial ministry in fulfilling the five-year and current export-import plans. Managing boards are now being set up for the purpose of involving sectorial ministries and large-scale industrial enterprises and associations to a greater degree in foreign trade activities within the all-union foreign trade associations. They have been set up on an equal footing from the membership of the USSR Ministry of Foreign Trade and associated industrial ministries and departments. The managing boards have been charged with solving problems, ensuring that the five-year and yearly plans for export and import of goods and services are fulfilled and with improving the effectiveness of foreign trade operations.

Along with the drawing closer organizationally of the foreign trade sector and industry, steps have also been taken to provide industry with an economic interest in developing production of output for export. Markups have been added to the wholesale prices of output, the manufacture of which entails additional operations on the part of the industrial enterprise, and for which no provision has been made in the standards or specifications now in effect in the USSR, but which requires increased outlays. A system of currency allocations has been put into service for those enterprises manufacturing export goods. Foreign trade associations have been granted the right, within set limits, to award bonuses to industry employees for high-quality manufacturing work and for shipping output earmarked for export promptly.

Thanks to these and certain other measures, the interaction of the production and foreign trade spheres has been strengthened to a certain degree. As of the beginning of 1985, approximately one-fourth of Soviet industrial enterprises were involved in one way or another in the manufacture of goods for export. But this connection, while it is an administrative advantage, has failed to turn the productive and foreign trade sectors into a unified foreign economic complex for our country, or one which uses economic levers, cost accounting relations and incentives to function. Essentially, the industrial associations and enterprises have had no independence vis-a-vis their foreign economic activities. They have been receiving their supply authorizations from the foreign trade associations to deliver goods for export. Any enterprise disrupting the filling of an order has been held strictly responsible. Where sales of manufactured output have been delayed, the manufacturer has been obligated to store the output in its warehouses. The enterprise has paid storage costs until ordered to ship the output abroad. Having shipped the goods, enterprises have received the monetary equivalent in domestic USSR wholesale prices with a surcharge for exporting the order, minus the deduction for the foreign trade association commission fee. The actual sale of the goods on the foreign market has not been reflected in the manufacturer's financial results or in the material interests of his collective. The earnings received in domestic wholesale prices have failed to create needed incentives, as the profits are usually negligible because of the usually low share of export products in the overall production program. Nor has the economic lever of currency allocations been used as required. In addition, for these allocations to be used to expand export production, a request had to be made to expand the ministry, and the need for this had to be made anew to the

credit institution. In the final analysis, and as shown in practice, currency allocations have frequently been used by the superior administrative agencies in a centralized fashion.

Economic incentives have also worked poorly in relation to importing products. The client production enterprise, too, has been obtaining products from the foreign trade association at the domestic wholesale price. This is why the question of the cost of these products on the foreign market, or what kind of economic, and currency and financing purchasing system is taking shape there, is of no interest to the production enterprise. Meanwhile, the foreign trade association which acquires equipment on the capitalist market for the production association has been turning to banks and commercial lending institutions for loans. However, the "price" of the credit and the repayment deadlines are of no consequence to the equipment purchaser. At the same time the foreign trade association has no interest in the fate of the equipment it has purchased abroad, since delays in its installation and outlays for its storage have no effect on the foreign trade association's financial position. It is only concerned with purchasing goods and getting them to the customer. The remainder is the customer's worry. But it is also a matter of indifference to the customer that the foreign trade association and the bank respectively have begun to repay the credit and to pay a percentage on it. And the equipment, as so often happens, sits unused in a warehouse.

Under this kind of system for administering foreign economic activities, some industry employees have begun displaying a dependent attitude. They have begun associating the opportunity to perform this or that production program task with the need to purchase the appropriate equipment on the world market, and have at times disengaged themselves of any concern for the state outlays, or the source of the outlays, since the industrial enterprises have paid for the equipment at the domestic wholesale prices in Soviet rubles. But having allowed the task to go unperformed, they have sometimes attempted to justify this by the fact that the foreign trade association, led by its own considerations, has failed to purchase equipment in those countries which it would like to have as a customer, thus failing to meet production requirements. To buy when not selling and consequently not bringing in any currency has practically become a normal principal of the economic activities of some economy managers.

As experience has taught us, the structure and forms for scientific and technical and industrial ties which have become established in our trade dealings have, while continuing grow in scope, come into conflict at the present stage of the Soviet economy's development with the demands for intensifying the national economy and accelerating scientific and technical progress. This has been felt particularly acutely against the background of the profound changes which have come about in international economic relations under the influence of the Scientific and Technical Revolution. The USSR's share in world trade does not correspond to the level attained by, or the requirements of the country's economic development. Actually, the USSR's share of world industrial output is presently over 20 percent, but only 4 percent of the turnover of goods in international trade. The export potential of the processing industry, primarily machine-building, is being utilized unsatisfactorily. The transition to widespread scientific and technical and

production cooperation is proceeding sluggishly. At the present time, over 80 percent of Soviet exports consist of raw fuel materials goods. Meanwhile the share of machines, equipment and transport equipment has fallen from 21.5 percent in 1970 to 13.6 percent in 1985.

The situation which has come about is in large part a consequence of obsolete methods of managing foreign economic activity, and the disassociation of industry from foreign trade. Production associations and enterprises have actually refused to participate directly in foreign economic activity related to socialist economic integration.

The 27th CPSU Congress has in no uncertain terms called for a profound reorganization of the country's foreign economic ties. Following the Congress, this question was made a subject of special consideration at the June 1986 CPSU Central Committee Plenum. As the Plenum emphasized, these are not merely economic questions, but are political in the highest degree. They are directly related to the fundamental interests of our country and other fraternal states. In our relations with socialist countries, we need to expand the practice of stable ties based on cooperation, to change over more boldly to progressive types of industrial cooperation and close scientific and technical collaboration. As for strengthening the Soviet Union's position on the world market, the primary problem is that of markedly improving the competitiveness of Soviet goods by improving the quality and technical and operational characteristics of our output.

The Plenum considered the question as just, which was raised by those participating in the MID [Ministry of Foreign Affairs] conference of diplomatic employees on the need for better coordinating the activities of Minvneshtorg [Ministry of Foreign Trade], the GKES [USSR Council of Ministers' State Committee for Foreign Economic Ties], the GKNT [State Committee for Science and Technology] and other departments involved in this area. Thus, the need for basic measures to improve our foreign economic activities and their effectiveness and influence on accelerating scientific and technical progress is long overdue (2).

The steps the USSR is now taking to improve its foreign economic activity are in midstream of the country's measures to vastly expand the rights and responsibility of associations and enterprises and change them over to full cost accounting and self-financing. The measures are aimed at bolstering the motivation of those who produce the output to expand their production of highly-effective export goods and to be zealous in their use of import resources.

Since the beginning of 1987, over 20 USSR ministries and departments and 70 major associations and enterprises have been given the right to conduct direct export-import operations, including in the markets of capitalist and developing countries. On the list of ministries and enterprises which now have foreign economic independence, there are 8 machine-building ministries which presently export 80 percent of our machines and equipment and 49 machine-building associations which are widely recognized on the world marketplace. As appropriate prerequisites are developed, these rights will be extended to other ministries, organizations and enterprises as well.

Two types of organizations are being set up to make their debut into the foreign marketplace. Foreign trade organizations, which will operate on a cost-accounting basis, are being formed within the ministries and departments on the basis of their existing subdivisions and the foreign trade associations affiliated with the USSR Ministry of Foreign Trade. All the ministries and departments which have been given the right to conduct export and import operations are unconditionally required to conduct these operations on the basis of cost-accounting principles, the self-supporting production [samookupayemost] of currency and self-financing.

Cost-accounting foreign trade firms have been incorporated into scientific production and production associations, enterprises and organizations. We refer here to those associations and enterprises which are capable of making considerable export deliveries of high-quality output.

Those associations and enterprises not granted the right to operate in the foreign market will export and import output on the basis of contractual relations with the foreign trade associations of the USSR Ministry of Foreign Trade and other ministries and departments. Thus we see the transition which is underway from using job authorizations and guarantees to a system of contractual relations based on cost-accounting. This will allow cost accounting, as well as the principle of the self-supporting production [samookupayemost] and self-financing, to grow and become stronger.

Giving the productive sphere the right to go out into the world market through our foreign trade organizations does not mean that the Soviet state relinquishes its monopoly to foreign economic ties, including the monopoly on foreign trade. A monopoly on foreign trade is an economic category found only in socialism. It is an expression of a radically new form for organizing those of the state's foreign economic relations which arise through using socialist property as a means of production and the planned management of the national economy. V. I. Lenin perceived the foreign trade monopoly as one of the commanding heights of the socialist state in the field of economics. He demanded that "under no circumstances is the foreign trade monopoly to be undermined" (3).

At the same time, the foreign trade monopoly has never been reduced to an exclusive monopoly on the part of the Ministry of Foreign Trade, either within the USSR or in other socialist countries. The foreign trade monopoly is the exclusive right of the state to export and import goods and services, and is granted by the state to the appropriate enterprises. These enterprises can be not only foreign trade associations from the Ministry of Foreign Trade's system, but production enterprises from sectorial business ministries as well. The fact is that they are all the property of the socialist state, and as such act on its orders. In this regard, whenever control of the activities of the socialist state's enterprise properties is set up according to the principles of democratic centralism, centralism and the democratic principle must manifest themselves in the administrative system for administering not only the productive but the foreign trade sphere as well. The latter provides the labor collectives with definite independence, responsibility and initiative. This in turn can be achieved to a considerable degree when industry and foreign trade are not merely brought closer together, but when

they become a unified foreign economic complex, essentially with a common economic mechanism for controlling both areas of economic activity.

The setting up of such a complex also involves one of the most important aspects of our present full-scale reorganization of the management of the USSR's foreign economic ties. The measures we are taking are an indispensable part of the entire effort to improve the manner in which the Soviet national economy is managed. These measures, while preserving the state's foreign trade monopoly, simultaneously signify the further development of its principles by expanding the rights and giving more responsibility to the ministers, departments, associations, enterprises and organizations in the USSR's foreign economic activities. They have been called upon to evince more of an interest in developing international cooperation, accelerating the rate at which scientific and technical achievements are introduced into industry, and thereby improving the effectiveness of the Soviet state's foreign economic ties. This supports our national interests at the same time, specifically by supervising the foreign trade operations conducted by those enterprises and associations associated with the USSR Ministry of Foreign Trade. Moreover, in the future this ministry will be involved in the trading of fuel, raw materials, foodstuffs and a portion of our output of machinery and technical equipment, i.e., goods needed by the state in general. This will more precisely delimit the distribution of functions between the USSR Ministry of Foreign Trade and the USSR Council of Ministers' State Committee for Foreign Economic Ties. This committee has been charged not only with constructing enterprises abroad, but with developing those projects built with the help of the Soviet Union.

The setting up of the State Foreign Economic Commission of the USSR Council of Ministers was a major step in the continued strengthening and development of the Soviet state's monopoly of all its foreign economic ties as applied to present-day requirements and problems. The commission has been charged with managing the activities of all ministries and departments involved in effecting foreign economic ties. They include the USSR Ministry of Foreign Trade, The USSR State Committee for Foreign Economic Ties, the USSR Foreign Trade Bank et al. The State Foreign Economic Commission of the USSR Council of Ministers is to act as chairman on a level with the deputy Chairman of the USSR Council of Ministers. The Commission membership will consist of directors of the USSR's leading ministries and departments who are involved in foreign economic activities, including the USSR Ministry of Finance.

The setting up of this committee strengthens the centralized planning leadership of the Soviet Union's foreign economic ties.

The work being done by the ministries, departments and organizations carrying out trade and economic, currency and financing and scientific and technical ties with foreign countries is being carried out on a higher level.

Along with continued improvements in the way the USSR's foreign economic activities are being managed, large-scale measures are being taken to improve planning and cost accounting in this area. An entire system of indicators to be used in planning foreign economic activities is being provided which will improve the effectiveness of our export and do away with unjustified

importing. The procedure by which plans are drawn up is being streamlined, with the part played by cost indicators, including currency indices, improved. Specifically, a target for currency earnings has been made one of the indicators approved for those ministries, associations and enterprises having access to the foreign market.

Currency allocation funds have have been set up to bolster the economic interest and expand the independence of the enterprises and associations in developing export and renewing their production bases in accordance with stable long-term norms. These funds can be used for purchasing needed machinery, equipment or materials for use in retooling and renovating industry. This can be done independently or through foreign trade organizations. They can also be used to conduct scientific research, experimental design or other work. The purchases, made at the request of associations, enterprises and organizations, are included in full in the import plan and have been given top priority.

In accordance with the new system for managing the foreign economic complex, ministries, associations and enterprises can import machines, equipment and other goods used in retooling and renovating industry and other purposes only by using their own and loan currency assets. They have been authorized to obtain currency credits from the USSR Foreign Trade Bank for these purposes. Enterprises can also obtain backing in the form of currency from their ministries and departments, who are setting up centralized currency funds with a portion of their enterprises' and associations' currency allocations. The centralized funds are to be used to help associations and enterprises to develop export and to finance export-import operations. It is important that we point out that the enterprises' and associations' remaining currency allocations cannot be withdrawn by higher administrative organs and their use cannot be restricted. At the same time associations and enterprises have been given a great deal more economic liability for failing to meet plan targets for exporting goods or failing to live up to contractual obligations. They compensate all losses hereby incurred with their own financial assets.

At present in the foreign economic, as well as the intraeconomic complex, the financial results of the work of the associations and enterprises has been made an organic part of the general results of their management. They thus have an effect on the formation of economic incentive funds. But the earnings in the USSR's domestic wholesale prices are not used for this fund, as has hitherto been the case, but those in the actual contract prices of the foreign market. They are recounted into Soviet currency in accordance with established procedure. Thus, there is no longer any need to use the special price mark-ups and other stimulatory bonuses which existed up to now.

The granting to associations and enterprises of the right to form and make unrestricted use of monetary allocations does not contradict the significant role given the currency monopoly in the Soviet Union. In the USSR the currency monopoly is an integral part of the state's monopoly on foreign economic ties. The currency monopoly represents the exclusive right of the socialist state to operate with foreign currency and to control those of the country's currency resources which are located on its territory and abroad. But in practice the state executes this right through its fully-authorized

agencies, primarily such central agencies as Gosplan, the Ministry of Finance and the State Bank. The centralization of currency resources directly in the hands of the state (the central authorities), which was effected with the help of these agencies ensured that the above resources would be used rationally, and primarily to achieve those objectives which are of highest priority at any given moment and which most completely answer to the demands of the country's social and economic development and the general strategy for the Party's economic policy.

This aspect of the Soviet Union's currency monopoly is not only being retained under the new system for controlling the USSR's foreign economic ties, but is being made even stronger. The state's currency planning is being given more importance overall, inasmuch as a long-term character is being imparted to the planning process itself, and the role played by centralized currency reserves is being strengthened as well.

As this occurs, the increasing scope of the USSR's foreign economic ties, and the changeover of its economy primarily to an intensive period of growth both require successive and systematic increases of currency intake, which makes it necessary to bolster the material motivation of the associations and enterprises which manufacture products for export, and who are an important means by which the state accumulates its currency resources. This situation has also required the enhancing of the real significance of the currency allocations remaining at the discretion of enterprises and associations. This measure, while helping to bring in more money, does not in the least go against the purpose of the Soviet state's currency monopoly. All the more since the allocations mentioned above are kept on accounts at USSR Vneshtorgbank, which is not only a transfer credit agency, but a supervisory central organ of the economy as well.

The USSR attaches a great deal of importance to economic interaction with other CEMA countries as regards the course of their socialist economic integration. The Soviet Union considers priority development of the economic connections with socialist countries based on the principles of socialist internationalism as its paramount task, the realization of which is evidence of the USSR's increasing turnover of goods with its CEMA partners. In the wake of the adoption in 1971 of the Comprehensive Program for Socialist Economic Integration, the goods turnover increased more than 6-fold, and in 1985 amounted to 54.8 percent of the Soviet Union's entire foreign trade volume. The volume of foreign trade between the USSR and each of such CEMA countries as Bulgaria, Hungary, the GDR, Poland and Czechoslovakia is on a par with the foreign trade volumes between the United States and Great Britain and the United States with the FRG.

In reforming the area of foreign economic activities, the primary aim of the USSR, as always, is to develop ties with fraternal socialist countries. The high priority of these ties under the new economic mechanism, which now controls the functioning of the Soviet Union's foreign economic complex, is supported by an entire system of economic, legal and organizational measures. As N.I. Ryzhkov, member of the Politburo of the CPSU Central Committee and chairman of the USSR Council of Ministers, noted during the 42d meeting of the CEMA Session, held in November 1986 in Bucharest, one of the reasons for the



USSR's carrying out this reform was its wish to set up a mechanism for controlling foreign economic activity which would satisfy the requirements of the present stage of development of the Soviet Union and collaborating countries, and which would conform to the strategy for acceleration and socialist integration. This has found expression in the fact that conditions favorable to the setting up of direct ties, as well as production and scientific and technical cooperation, are being created. It would be difficult, without such transformations, to make full use of the advantages of the international socialist division of labor or to improve the effectiveness of our collaboration enough for it to become an effective instrument for all CEMA countries to implement the policy of accelerating scientific and technical progress.

In the USSR, this entire effort is now being put over onto a long-term footing. Plans call for a concept of foreign economic ties to be developed between the Soviet Union and CEMA member-nations up to the year 2000. It will be the basis for agreeing on a long-term economic policy and for coordinating the State's plans. The concept should determine the priority directions for developing a process for integration which includes the specialization of industry for manufacturing basic types of output. In the process of developing this concept, particular emphasis has been placed on finding effective solutions to the national economy's major economic and technical problems and on working out directions for the large-scale development of mutually advantageous specialization. This refers to the fact that USSR Gosplan will, on the basis of this concept, determine the priority directions for the Soviet Union's economic interaction with CEMA countries abroad and will coordinate capital investments with them for projects of mutual interest, including those connected with realizing the results of efforts related to the Integrated Program for Scientific and Technical Progress up to 2000. USSR Gosplan has been charged with reconciling the overall volumes and proportions of mutual collaboration with the CEMA partners, with implementing measures for improving the commodity turnover structure and with balancing trade and payment relations.

The primary burden of the efforts to coordinate the plans is now being borne by the USSR's ministries and departments. Based on the targets given them by USSR Gosplan for numbers of foreign economic ties, they will jointly conduct an in-depth study, in tandem with properly qualified agencies from CEMA countries, of a scientific and technical policy for their sectors and will agree on a products array and on volumes of reciprocal deliveries of output. Henceforth, the main task of the USSR's ministries and departments will be to elevate the technical level of manufactured products and to increase the volumes in which they are produced.

The development of production and scientific and technical ties between Soviet associations and enterprises and similar enterprises from the other CEMA countries is acknowledged as being the paramount means for implementing stable and effective cooperation, for exchanging advanced experience and for rendering mutual aid in developing and introducing new technology and production methods. This conforms to the aims of the 27th CPSU Congress and agreements on integration made with our partners. What we have in mind here is to use these ties to meet the targets laid out in the Integrated Program for

Scientific and Technical Collaboration of CEMA Member-Nations up to 2000, which is the basis of all efforts to deepen and improve the effectiveness of our foreign economic ties.

As noted in the speech made by the head of the Soviet delegation to the 42d Meeting of the CEMA Session, about 300 Soviet enterprises presently have direct ties with enterprises from fraternal countries. But prior to now, these ties have usually been set up by ministries, and have been established, so to speak, "from above". The share of deliveries of cooperative output of the overall trade volume of machinery and technical products remains low, amounting to a total of from 5 to 11 percent.

For the purpose of furthering the extensive development of direct ties held by Soviet associations, enterprises and organizations, it has been deemed necessary to expand their rights so they can take a more active part in international industrial and scientific-technical cooperation, and can help in the rapid development of this process. Associations and enterprises are now free to solve all questions of cooperation on their own. They have the right to determine directions and specific goals related to collaboration, to select partners from CEMA countries, and to make shipments on a cooperative basis. They are authorized to sign economic agreements and contracts for the delivery of output, to provide services associated with cooperation and industrial development, to define economic conditions for collaboration and to agree on prices for cooperatively batched products and services rendered.

Associations, enterprises and organizations have been given the opportunity to conduct joint planning of cooperative production operations with all of their partners. This means that first of all they contemplate developing and putting advanced technology into operation, putting new, and renovating presently-operating production capacities into operation, and that they will agree on a products list and on the volumes at which to export and import shipments of products on a cooperative basis.

All earnings in transfer rubles from international cooperative activities remain under the full control of the enterprises. Minor allocations for sectorial ministries are excepted from this rule. Earnings and leftovers from currency allocations are included in the currency funds of those associations and enterprises which have direct CEMA ties. This is in accordance with stable long-term quotas for sales of finished products and services. And no withdrawals are to be made from this fund by higher-placed organizations. By using their own currency funds, associations and enterprises can acquire those industrial products, medical equipment, cultural and domestic goods not included in the state distribution plan, for the needs of their labor collectives. It is important to emphasize that imports are restricted only by the the amount of money held in the currency and loan funds of these enterprises and associations. And this means that they will now be highly motivated to export their own products as well.

In order for associations and enterprises to have not only in-house, but loan assets at their disposal, they have been authorized to acquire transfer rubles and national currencies of CEMA countries on a credit basis from the USSR Foreign Trade Bank. They have the right to spend credit funds to conduct

scientific and technical work and to develop efficient industries related to cooperation.

The development of direct ties between the associations and enterprises of these countries naturally presupposes the expansion of corresponding contacts between their labor collectives, engineers, process engineers and leading workers with the latter of necessity being relocated for work-related purposes. Taking this into account, provision has been made for a new procedure for sending Soviet workers on work assignments into CEMA member nations as part of these direct ties by using enterprises' in-house funds. This procedure will make it considerably easier to organize business trips based on the right of the management of associations and enterprises to handle these problems in conjunction with their party organizations.

The granting of such a broad range of rights to enterprises and associations to develop direct ties within the CEMS framework denotes no weakening of the plans upon which their activities are based. Any proposals made by associations and enterprises worked out as the result of an agreement with their partners from foreign CEMA countries are fully included in the appropriate sections of ministries', USSR departments' and union republic councils of ministers' plans for economic and social development. Shipments of cooperatively-manufactured output by CEMA partners will be made by Soviet industrial enterprises, either independently or through foreign trade organizations.

In addition to direct ties, provision has been made for the widespread use of such forms of collaboration as joint enterprises and international economic associations as part of the socialist countries' mutual relation. Joint enterprises can be set up as common property on USSR territory and in other countries. National property remains in the international associations and organizations; their joint activities will be performed on the basis of coordinated or common plans and will be paid for with in-house or loan funds. The USSR Foreign Trade Bank is authorized to open cash accounts for joint enterprises at their request.

Provision has been made for all joint enterprises to operate on full cost accounting principles, as self-supporting productions [samookupayemost], and on a self-financing basis. Joint enterprises which are set up on the basis of common socialist property form a common state fund, compound an independent balance and conduct their own economic and financial and currency activities based on plans which they have developed and approved.

Joint enterprises set up on USSR territory conduct their activities within the Soviet economic system. This is why they must obey the laws in effect within the USSR, as well as Soviet civil labor and social norms. Joint enterprises' material and technical supply and sales of their output are to be handled on a priority basis through the wholesale trade system. This can also be organized through the supply system of a corresponding sector of the USSR's national economy or through Soviet foreign trade organizations. When making joint enterprises part of the USSR's material and technical supply system, they obtain and sell output and services within the Soviet Union at wholesale or contracted prices in accordance with procedures established in the USSR.

In the course of the work done by the 42d Session of the Council for Mutual Economic Aid, bilateral intergovernmental agreements were signed by heads of governments. These agreements dealt with questions of the development of direct industrial and scientific-technical ties between economic organizations of the USSR and those of the People's Republic of Bulgaria, the Hungarian People's Republic, the German Democratic Republic and the CSSR. There were also agreements having to do with setting up joint enterprises and international associations and organizations. Agreements with the government of the Polish People's Republic were also concluded previously during the official good-will visit made to the Polish People's Republic in October 1986 by Member of the Politburo of the CPSU Central Committee and Chairman of the Council of Ministers N. I. Ryzhkov.

It is envisioned that the agreements which were signed will create economic, organizational and legal conditions favorable to the development of direct ties and effective activity on the part of joint enterprises, associations and organizations. Measures have been determined which will stimulate the initiative of cost-accounting links to develop scientific-technical and industrial cooperation among themselves, primarily as regards meeting the targets set forth in the Integrated Program for Scientific and Technical Progress of CEMA Member-Nations up to the Year 2000. Enterprises from CEMA countries will be collaborating actively in the modernization and more complete utilization of production capacities, in resource economy and increased production of output equal to the highest world achievements. Agreement has been reached with regard to continuing efforts to further involve the collaboration of new enterprises and organizations in these progressive forms of collaboration.

The signing of these agreements signifies a major practical step in implementing the course set by the 27th CPSU Congress, as well as by congresses of other fraternal parties, aimed at developing new progressive forms of collaboration as a critical reserve for stepping up the process of socialist economic integration.

Simultaneously, practical steps are being taken to improve the USSR's economic collaboration with the states of the other socio-political system as well. With this objective in mind, provision is being made, specifically, to develop new forms of economic relations with companies in capitalist countries. These forms include scientific and technical and industrial cooperation and the setting up of joint enterprises. By using new forms of economic ties in its mutual relations with foreign partners, the Soviet government intends to start out by observing the principles of mutual benefit, and to guarantee that it will respect the interests and rights of its foreign partners.

At the same time, we plan to even more unswervingly implement the principle of the state monopoly on foreign economic activity whereby foreign partners unconditionally observe Soviet laws and norms. This pertains fully to our monopoly on foreign trade and currency. In fact they both perform a protective function. Thus, in performing this function, the currency monopoly protects the national economy of the socialist state and its monetary system from the effect of crises and the instability of the capitalist world's currencies, from the economic aggression of imperialism and currency

speculation and from the unfriendly actions of all the circles in the West which stand in opposition to detente, and in favor of the Cold War.

The reorganization which the USSR is presently conducting in the administration of its foreign economic ties constitutes an important link in the entire system of measures for fundamentally improving the planned guidance of the national economy. In imparting such importance to this link, the party and the government believe that the struggle to resolutely reorganize our foreign economic activities must be carried on throughout both the Party and the government. These two bodies have expressed bedrock confidence that our Party, Soviet and economic organs, labor collectives of industrial associations, enterprises and organizations will ensure the unconditional implementation of the measures adopted by the CPSU Central Committee and the USSR Council of Ministers, which are meant to bring the decisions of the 27th CPSU Congress to fruition.

There still remains a great deal of work to do, particularly for the USSR Ministry of Finance, the USSR State Bank and the USSR Foreign Trade Bank. It is important that we first develop appropriate regulations and other normative rules for use as guidelines by those associations, enterprises and organizations participating in foreign economic ties. Some work along these lines has already been done.

It is no less important that associations and enterprises, and banking and financial employees be aided in mastering these principles and basics of socialist economic management in the foreign economic sphere, as well as in the comprehending and correct use of the legislative, normative and methodological documentation now being introduced. Here, we need to take into account that we have a situation where a certain skill-category of industrial employee, along with specialists from local financial and banking agencies, are involved in business which is new to them, and complicated, where enterprises and associations have been located which have been granted the right to operate on the foreign market. Organs of the press have also been called upon to help them. They include the journals DENG I KREDIT and FINANSY SSSR. The educational and training process needs to be promptly reorganized in our financial and economic VUZ's and tekhnikums in line with the appropriate disciplines.

Appropriate efforts are also underway in the other CEMA countries to more completely adapt their national currency and financing mechanisms to the transition from mostly trade ties directly to industrial interaction. The states involved in socialist cooperation are proceeding on the basis that the closely uniting their efforts in a given area of mutual collaboration will produce the requisite yield inasmuch as it is based on deep mutual interests. This in turn presupposes that an effort will be made to bring the individual elements of national economic mechanisms and their integral parts, i.e. the currency and financing instruments, closer together. At the same time, as N. I. Ryzhkov emphasized at the 42d meeting of the CEMA Session, in addition to internal measures, the international mechanism is in need of suitable reorganization as well. It should stimulate the development of direct cooperative ties and the formation of joint economic organizations. This is why CEMA agencies must examine the questions of improving the economic

instruments of collaboration, including the systems used to set prices, currency and financing relations and contractual and legal procedures.

It must be assumed that those representing the financial and banking organs and the financial and credit science of the CEMA countries will make their own substantial contribution to implementing measures which will ensure that the potentialities of international division of labor are used more fully.

#### FOOTNOTES

1. M. S. Gorbachev, "Izbrannye Rechi i Stati" [Selected Speeches and Articles]. Moscow: Politizdat, 1985, p 120.
2. See: "Materialy Plenuma Tsentralnogo Komiteta KPSS, 16 Iyunya 1986" [Materials of the CPSU Central Committee Plenum, 16 June 1986], Moscow, Politizdat, 1986. p 36.
3. V. I. Lenin, "Polnoye Sobraniye Sochineniy" [Complete Works], Vol 44, p 428.

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## GENERAL ECONOMIC AFFAIRS

### BIOGRAPHIC NOTES ON USSR COUNSELLORS FOR ECONOMIC AFFAIRS

Moscow FOREIGN AFFAIRS in English No 2. 1987 pp 55-56

[Text]

**Counsellor for Economic Affairs  
of the USSR Embassy in the  
Democratic and Popular Republic of Algeria  
TITKIN, Vyacheslav Grigoryevich**

Born 1938.

Graduated from the Timiryazev Agricultural Academy in Moscow in 1961.

Previous appointments: an expert, chief engineer, Office Director at V/O Technoexport; an expert-representative of V/O Technoexport in Algeria (1972-1974); Deputy Counsellor for Economic Affairs of the USSR Embassy in Algeria (1974-1977); Deputy Chief of a Main Department, USSR State Committee for Foreign Economic Relations.

Appointed Counsellor for Economic Affairs of the USSR Embassy in the Democratic and Popular Republic of Algeria in 1986.

Speaks French.

**Counsellor for Economic Affairs  
of the USSR Embassy in the  
Socialist Republic of Vietnam  
VELICHKO, Viktor Ivanovich**

Born 1940.

Graduated from the S. Ordzhonikidze Aviation Institute (Moscow) in 1963 and the Moscow Institute of Economic Engineers in 1969.

Previous appointments: senior engineer on the staff of the Counsellor for Economic Affairs of the USSR Embassy in Syria (1974-1977); senior expert; chief engineer, Office Director at V/O Technostroyexport; Deputy Counsellor for Economic Affairs of the USSR Embassy in Vietnam (1983-1986).

Appointed Counsellor for Economic Affairs of the USSR Embassy in the Socialist Republic of Vietnam in 1986.

Speaks English and Czech.

**Counsellor for Economic Affairs  
of the USSR Embassy in the  
Republic of Finland  
IVASHOV, Vasili Yegorovich**

Born 1919.

Graduated from the Institute of Foreign Trade in 1951.

Previous appointments: Section Head at a Foreign Trade Ministry Department; an officer of the

USSR Trade Representation in Argentina (1955-1959); senior adviser at the Department of Trade with Western Countries, Ministry of Foreign Trade; senior adviser at the Department for Trade with Western Countries, Ministry of Foreign Trade; senior expert of the Main Engineering Department, USSR State Committee for Foreign Economic Relations; a member on the staff of the Counsellor for Economic Affairs of the USSR Embassy in the Republic of Cuba (1963-1965); Deputy Chief of a Department, USSR State Committee for Foreign Economic Relations; Counsellor for Economic Affairs of the USSR Embassy in Chile (1971-1973); Deputy Department Chief, Deputy Chairman of the USSR State Committee for Foreign Economic Relations.

Appointed Counsellor for Economic Affairs of the USSR Embassy in the Republic of Finland in 1986.

Speaks English and Spanish.

**Counsellor for Economic Affairs  
of the USSR Embassy  
in Socialist Ethiopia  
ZINOVKIN, Valter Mikhailovich**

Born 1929.

Graduated from the Byelorussia Agricultural Academy in 1952.

Previous appointments: for a long period of time occupied leading posts in the USSR economy.

Appointed Counsellor for Economic Affairs of the USSR Embassy in Socialist Ethiopia in 1986.

**Counsellor for Economic Affairs  
of the USSR Embassy  
in the People's Republic of Mozambique  
SHVYDKO, Vasily Makarovich**

Born 1924.

Graduated from the Taganrog Institute of Mechanization and Electrification of Agriculture in 1952.

Previous appointments: for a long period of time held leading posts in the USSR national economy.

Appointed Counsellor for Economic Affairs of the USSR Embassy in the People's Republic of Mozambique in 1986.

**Counsellor for Economic Affairs  
of the USSR Embassy  
in the Republic of Iraq  
KOLOTILIN, Anatoli Nikitovich**

Born 1936.  
Graduated from the Grozno Oil Institute in 1958.

Previous appointments: for a long period of time occupied leading posts in the USSR economy; Counsellor of the Ministry for Mining and Industry in Afghanistan (1978-1980); Deputy Minister of the USSR Gas Industry.

Appointed Counsellor for Economic Affairs of the USSR Embassy in the Republic of Iraq in 1986.  
Speaks English.

**Counsellor for Economic Affairs  
of the USSR Embassy in the  
Federal Republic of Nigeria  
KAMENSKY, Yuri Alexandrovich**

Born 1930.  
Graduated from the Moscow Institute of Steel in 1954.

Previous appointments: for a long period of time occupied leading posts at iron-and-steel enterprises; chief specialist at the Bhilai Steel Plant, India (1971-1974); Deputy Chief, Chief of the Department for Building Metallurgical Plants, V/O Tyazhpromexport; Vice-President of V/O Tyazhpromexport.

Appointed Counsellor for Economic Affairs of the USSR Embassy in the Federal Republic of Nigeria in 1986.  
Speaks English.

**Counsellor for Economic Affairs  
of the USSR Embassy  
in the Kingdom of Morocco  
MOKIYEVSKY, Pyotr Anatolyevich**

Born 1932.

Graduated from the Moscow Chemical Technology Institute in 1955 and the All-Union Academy of Foreign Trade in 1967.

Previous appointments: senior engineer, an expert on the staff of the Counsellor for Economic Affairs of the USSR Embassy in Tunisia (1967-1973); Executive Secretary of the Soviet part of the Intergovernmental Soviet-Morocco Commission for Economic, Scientific and Technical Cooperation—chief specialist on Morocco, Tunisia, Mauritania of the Department for Economic Cooperation with the Near East Countries, USSR State Committee for Foreign Economic Relations; Deputy Department Chief for Economic Cooperation with the Near East Countries, USSR State Committee for Foreign Economic Relations.

Appointed Counsellor for Economic Affairs of the USSR Embassy in the Kingdom of Morocco in 1986.  
Speaks French.

**Counsellor for Industrial Affairs of the USSR Embassy  
in the Republic of Turkey  
LITVINOV, Viktor Alekseyevich**

Born 1931.  
Graduated from the Leningrad Institute of Railway Engineers in 1955 and the All-Union Academy of Foreign Trade in 1967.

Previous appointments: an expert, Office Director, Vice-President of V/O Technoexport; Deputy Counsellor for Economic Affairs of the USSR Embassy in Pakistan (1974-1979); Vice-President of V/O Technostroyexport.

Appointed Counsellor for Industrial Affairs of the USSR Embassy in the Republic of Turkey in 1986.  
Speaks English.

**Head of the Soviet Mission on Economic and Technical Cooperation  
in the Republic of Zimbabwe  
BORISOV, Yevgeni Anatolyevich**

Born 1939.  
Graduated from the N.E. Bauman Technical Higher School (Moscow) in 1963 and the All-Union Academy of Foreign Trade in 1978.

Previous appointments: senior engineer on the staff of the Counsellor for Economic Affairs of the USSR Embassy in India (1970-1973); an officer on the staff of the Counsellor for Economic Affairs of the USSR Embassy in Libya (1978-1982); Deputy Department Chief, Office Director at V/O Tsvetmetpromexport.

Appointed Head of the Soviet Mission on Economic and Technical Cooperation in the Republic of Zimbabwe in 1986.  
Speaks English.

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## GENERAL ECONOMIC AFFAIRS

### BRIEFS

BOOK: INTERNATIONAL ECONOMIC LAW--M.M. Boguslavsky, International Economic Law, Mezhdunarodniye Otnosheniya Publishers, Moscow, 1986. International law in general and international economic law in particular are of great importance for assuring prerequisites and establishing stable international economic relations. The book elucidates the concepts, sources, purposes and principles of international economic law. The socialist countries' struggle for developing international economic cooperation on an equitable basis and strengthening confidence in economic relations is shown. Great stress is placed on the legal regulation of socialist economic integration and the problems of establishing a new international economic order. [Moscow FOREIGN TRADE in English No 2. 1987 p 30] [Copyright: "Vneshnyaya Torgovlya" 1987] [Copyright: English Translation, "Foreign Trade", 1987] /13104

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UNITED STATES AND CANADA

TASS SEES U.S. MOVES AGAINST CIVIL LIBERTIES

LD091025 Moscow TASS in English 1709 GMT 8 Apr 87

[Text] Moscow 8 April (TASS)--TASS political news analyst Igor Orlov writes:

On 10 April it will be 19 years since the U.S. Congress, under the pressure of the country's ruling circles alarmed by the mounting of the civil rights movement, adopted a law which made it possible to toughen reprisals against 'dissidents,' all opposition-minded people and organisations. The law became known as the Riots Act.

Over the years that have passed since, one U.S. administration after another have been using the punitive law as a legal ground for mass reprisals against the participants in anti-war action and the civil rights movement.

Mass reprisals against the civil rights advocates were practised in Miami, Chicago, Philadelphia and many other cities.

It became a generally-accepted practice among U.S. police to fire at 'rioters' at first and then to get down to finding out whether they are right or wrong.

The memories of the sanguinary reprisals against the members of the Black Panthers Organisation in Chicago and New York, the firing at students at Kent University, and many other similarly deplorable developments are still fresh in people's minds.

The use of the repressive legislation has markedly increased in the period of the present administration's stay in office.

One of the reports issued by the American Civil Liberties Union has it that Ronald Reagan placed himself at the head of a wide-spread offensive on U.S. civil freedoms.

The offensive is being conducted practically in all directions with a wide use of the punitive machinery of the country and local government bodies.

A number of repressive anti-democratic actions have been taken under the present administration. These include the so-called preventive custody which can be used for throwing into prison the organisers of demonstrations and of any protest movements without a trial.

The U.S. press mentions among the most odious repressive measures which are spearheaded against the anti-war movement and the fighters for civil rights the special secret programme code-named Rex-84 which contains emergency instructions to set up 10 camps at key military facilities in various parts of the country and intended for 200,000 people.

According to spotlight, the operation is being conducted on the plea of fighting suspicious foreigners, while in actual fact it envisages the detention and imprisonment of all political opponents, enemies, and overt critics whom the administration would deem dangerous.

Mr Neas, who is heading the leadership conference on civil rights, comes to the conclusion that the administration's service record in the sphere of civil rights is terrible.

The U.S. public figure states that the White House has launched a frontal attack on the main constitutional freedoms of Americans.

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UNITED STATES AND CANADA

TRUD COMMENTS ON AFL-CIO EXECUTIVE SESSION

PM031019 Moscow TRUD in Russian 1 Apr 87 p 3

[Own correspondent A. Burmistenko dispatch under the rubric "International Trade Union Movement": "In Conflict With Reality"]

[Excerpts] Washington, March--A routine session of the AFL-CIO Executive Committee has, by tradition, been held in the small resort of Bal Harbor (Florida). Members of the AFL-CIO Executive Committee examined the state of affairs in the U.S. labor union movement and, as usual, adopted a large number of resolutions on a wide range of questions of U.S. domestic and foreign policy.

Under pressure from a growing number of ordinary members, local branches, and the leadership of many sector labor unions, which are taking an increasingly active part in the struggle for peace and disarmament, for the 3d year in succession the AFL-CIO Executive Committee's resolutions point out that "the continuing growth in military appropriations is taking place at the expense of reduced spending on social needs and leaves no hope of an improvement in the workers' position.

This concern at the arms race (at least, its economic consequences), as well as at the antilabor-union actions of U.S.-based multinational corporations, reflects the growing interconnection and interdependence between questions of domestic and foreign policy. However, it is precisely on international questions that the AFL-CIO Executive Committee's position is increasingly coming into conflict with the realities of the modern world and the position of many sector labor unions belonging to the AFL-CIO.

It is known, in particular, that the overwhelming majority of U.S. labor unions are opposed to the Reagan administration's interference in the affairs of Central American states, above all Nicaragua. However, the AFL-CIO's right-wing leadership continues to be involved in such interference through the "National Endowment for Democracy," which, as emerged during the exposures of "Irangate," is simply a "cover," together with "Project Democracy," for carrying out secret subversive operations--above all, precisely against Nicaragua. In this connection it should be pointed out that AFL-CIO President L. Kirkland and A. Shanker, the reactionary labor boss of the American Federation of Teachers, are still members of the board of directors of that subversive "endowment."

Whereas 19 presidents of major U.S. labor unions joined the organizing committee of the grand march on Washington planned for 25 April under the slogan "For Peace and Democracy in Central America and South Africa," the AFL-CIO Executive Committee preferred to remain aloof from this major labor union action.

Plainly on the initiative of the AFL-CIO's ultraright-wing International Department, which is quite incapable of ceasing to think in the spirit of the "cold war," the Federation Executive Committee adopted a malicious resolution full of insinuations on the situation in the USSR. The profound changes taking place in the Soviet Union with the aim of restructuring the economy and social life and extending democracy and openness are groundlessly rejected in the AFL-CIO Executive Committee resolution as "propaganda." This resolution alleges, inter alia, that "Soviet workers are in no way represented anywhere in the discussions on restructuring the economy" (?). The AFL-CIO Executive Committee adopted an equally slanderous resolution with regard to people's Poland as well.

The malicious anti-Sovietism and anticommunism of the reactionary AFL-CIO leadership and the policy of splitting the international trade union movement are encountering an increasingly resolute and increasingly open rebuff from sector labor unions. This is attested, in particular, by a resolution of the participants in a recent Washington conference on labor safety in connection with the refusal to issue visas to a Soviet trade union delegation and with the provocative role of the AFL-CIO headquarters in that matter.

There are many other examples attesting that on questions of the struggle for peace, labor safety procedures and techniques, and a rebuff to the multinational corporations' predatory policy, many U.S. labor unions are beginning to reject the bankrupt policy which Lane Kirkland and the AFL-CIO International Department are continuing to impose on them. The powerful communications workers of America union is now conducting a broad international campaign to organize union locals at enterprises of the giant multinational IBM Corporation. This campaign, so the leaders of the communications workers union say, "will require cooperation among labor unions throughout the world, regardless of their political orientation." The AFL-CIO Industrial Union Department, which is actively conducting an entire series of international campaigns against the policy of multinational corporations, also advocates international trade union cooperation in this struggle.

This is the most logical and inevitable course of action for all trade unions which are conscious of their responsibility for preserving peace and defending working people's socioeconomic interests.

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UNITED STATES AND CANADA

PRAVDA HITS HERITAGE FOUNDATION VIEW OF USSR

PM081001 Moscow PRAVDA in Russian 4 Apr 87 First Edition p 4

[Political observer Vitaliy Korionov article: "On the Matter of a Speculation"]

[Text] The incipient acceleration of Soviet society's socioeconomic development, the profound democratic transformations, and the spread of openness--all these processes now underway in the USSR are generating growing interest in the world. Of course, socialism's enemies have not remained indifferent, either. They understand what serious blows are being dealt against their anti-Soviet structures by the measures taken by the CPSU and the Soviet state. People in these circles watch with alarm how the foundations of their false propaganda are being undermined, how the stereotypes normally used by politicians and propaganda services in the West are being demolished, and how the cards of those who thrive on carping criticism of the socialist system are being trumped.

Warnings can be heard increasingly often in these countries: The processes now occurring in the USSR must be treated most seriously. In a recent address to a conference of the American Advertising Federation C. Wick, director of the USIA, the main U.S. propaganda agency, asserted: Soviet actions "have captured the attention of people the world over, particularly in the front lines of the East-West conflict." Wick threatens: America has been set a challenge which "has a seriousness unparalleled, perhaps, in our history."

At the same time, quite a few attempts are made in the West to compose "arguments" capable of diminishing the importance of the measures being implemented in the USSR and of distorting their essence.

It is well known that a number of new practical steps have been taken in our country recently along the path of strengthening legality and of observing and protecting human rights--steps which confirm that the CPSU's words are not at variance with its deeds. The West's reaction to these steps is quite curious. Some politicians and press organs pose as well-wishers, patronizingly patting us on the back. Others try to present matters as if the USSR almost wishes to use its transformations to "get into the good books" of someone in the West. But there are also some people who attempt to present the processes occurring in our country as some kind of "retreat" undertaken under... outside pressure.

It is hard to say what is the major component of such claims--lack of understanding or hypocrisy. After all, what is being done in the USSR now is a law-governed process of improving the socialist system, implemented at the initiative and under the leadership of the CPSU. We are implementing our transformations according to our own socialist choice, on the basis of our own views of social values, and guided by the criteria of the Soviet way of life.

While for some representatives of capitalist states the question of human rights is frequently nothing more than a subject of political speculations and hypocrisy, for socialism the problem of ensuring human rights is one of the absolute conditions for the acceleration of our country's advance. This would seem clear enough.

But socialism's adversaries do not give up. They summon everyone who may be useful in their unseemly game. And of course, none other than the notorious Heritage Foundation--one of the present U.S. Administration's "thing tanks" whose president was recently appointed a consultant to the White House.

Sited right next to Capital Hill, the headquarters of these ultraright-wingers mass produces multivolume reports and recommendations, which provide the foundations of the administration's political program.

This source recently knocked together its latest report, offering the White House chief an "agenda" for the remaining 2 years of his presidency. It includes, among other things, "recommendations" to the president on how to use the human rights question in psychological warfare against the Soviet Union and its present leadership.

The compilers of the report cannot but admit that "a number of effective steps" have been taken in the Soviet Union in the sphere of "publicity and flexibility in human rights questions." You see how objective we are? But "objectivity" is limited to just a few words. It is followed by slander of Soviet reality rearing its head.

There is no need to refute this calumny. Having ensured in its country human rights which are unattainable under capitalism, the USSR also calls on other countries to take a new and unprejudiced look at this problem. It is well known that the USSR was the first to include all 10 principles of the Helsinki Final Act in its Constitution. At the Bern conference the Soviet Union proposed that steps be taken to ensure that all states bring their domestic legislation governing the package of humanitarian problems in line with international norms. Everyone recalls that the achievement of accord on this question was thwarted by the United States. In its striving to solve these problems in a civilized spirit, the USSR submitted a proposal to convene a representative forum of the all-European conference states to examine the entire package of humanitarian questions, including contacts between people and questions concerning information, culture, and education. We call for a comprehensive discussion aimed at achieving practical results, for the reaching of mutual accord offering an opportunity to improve the state of affairs in the humanitarian sphere in all countries participating in the all-European process. Moscow is ready to open its gates hospitably to such a conference.

And this is where the true goals of the compilers of the aforementioned Heritage Foundation report suddenly reveal themselves. They entreat the White House to "reject the Soviet proposal to hold a Moscow conference on humanitarian questions within the Helsinki conference framework...." It is not human rights that perturb the politicians from the foundation. They persistently call on the administration to "maintain U.S. and Western pressure on Moscow." It is obvious that these gentlemen are simply incapable of learning any lessons from history, which testifies that similar methods in the past failed to produce the results expected by the lovers of diktat. It is even more pointless to expect this in our time.

The Foundation's report contains the demand to "keep human rights problems close to the top of the agenda of Soviet-U.S. talks." Should this be yet another attempt to impose their will on their partner, the outcome is obvious. But should Washington actually intend to conduct a serious dialogue on this question, Moscow is ready. But only on a fair basis. We have no need to evade a serious discussion on this question, and there are things to be said.

It is not for Washington politicians to teach democracy to other countries and peoples. Millions forced into unemployment; racial and national oppression; scandalous social inequality and injustice; flouting of the civil rights of national and social minorities; encroachment on the very purpose of trade unions; glorification of war; implantation of hostility and hatred toward other peoples; propaganda of spiritual impoverishment and immorality--this is the real picture of U.S. society. Is all this what they intend to present as an example of observing human rights?

While exposing the flaws inherent in bourgeois society and upholding their own values and ideals, Soviet people have no intention of imposing on others their views and methods for solving political and social problems. We believe in the historical superiority of socialism and advocate peaceful competition between different social systems in the solution of the problems affecting all mankind in our time--averting a nuclear war, preventing the militarization of space, affirming social justice in society, ensuring the independent and free development of all peoples, and observing and expanding the real rights of every person. The banner of human rights in today's world is the banner of socialism.

The latest propaganda scheme by the Heritage Foundation was obviously intended to diminish the favorable interest shown all over the world, including the United States, in the remarkable processes now spreading in the USSR.

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CSO: 1807/252



## UNITED STATES AND CANADA

### LENINGRAD-U.S. TELEBRIDGE ANNIVERSARY PROGRAMS

LD062300 [Editorial Report] Moscow Television Service in Russian at 1515 GMT on 5 April carries a 50-minute program entitled "Leningrad-Seattle: 1 Year On," presented by Vladimir Pozner and Phil Donahue, marking the anniversary of the first Leningrad-Seattle and Leningrad-Boston telebridge programs.

The program opens with Vladimir Pozner seen alone in a small studio: the continuity announcer hands over to him, and he is heard saying: "...Phil Donahue met up again with some old acquaintances, with people who had taken part in the Leningrad-Seattle and Leningrad-Boston telebridges. Here at Central Television we have had a very large number of letters about those telebridges. Most of them voiced warm support for telebridges, but there was some criticism--and harsh criticism at that--of the Soviet participants. What were they criticized for? For being too restrained, for being reluctant, or not knowing how to speak openly and confidently. In some cases the criticism was directed not just to the participants, but to you and me, because when we look at an audience in that way it is as though we were looking at ourselves in a mirror. And so, when Donahue came to the studio he met those same people; yet they were not the same people, because they had changed. They had lost their inhibitions and were speaking very openly and confidently, and so what resulted was, in my view, a remarkable discussion. So remarkable, in fact, that Donahue did something that he would generally never do. He said: Come on, let's change places, and you ask me questions."

The program then shows Donahue in a studio with about 50 people, a large proportion of them women, seated before him in a semicircle. He stands before them, talking, as the program progresses, moves among them, taking the microphone to different individuals. He starts by addressing his American viewers, telling them that he is in Leningrad and recommending the city's attractions to them. He then explains to his Soviet studio audience the system by which he hears their contributions interpreted. A clip is shown of the Leningrad-Boston telebridge of 22 June 1986, in which American women are seen expressing the view that their Soviet interlocutors are reluctant to admit that problems exist in their society, while a Soviet woman says the Americans are asking about problems that simply do not exist. American title sequence of the program appears, followed directly by a series of contributions from women in his Leningrad audience on their feelings about American women. One says that they are anti-Soviet, but we are not anti-American, we are internationalists; another speaks about different psychological attitudes; another says she admired the Americans'

self-esteem and sense of humor, but disliked their assumption that everything American is automatically better; another spoke of Americans' intolerance of other people's political systems; another made the point that American cultural exchanges are welcomed in the USSR yet Soviet cultural visitors to the United States are sometimes treated with hostility; another recalls a dispute in the earlier telebridge about shoes and fashion, and asks why the United States should always be assumed to be the fashion leader; another speaks of American doctors she has worked with and of their concern for peace; another says that there is no alternative but to love one another, that there should be more opportunities to get together; she notes however she has had difficulties in exchanging letters.

Donahue, replying, says that he thinks the problems concerning letters are purely bureaucratic, then goes on: "I would like to say that, since you do not have such wide access to sources of information and that there is not such a variety of publications as in the United States, perhaps it is you who are suffering from a narrow idea of what the West is like. Americans are pleased, for example, that you can read some books, novels and poems that were banned for you in the past but have not been permitted to be read. This is a positive process, but is it not all the same possible that those restrictions in the past have had a bearing on your perception of the West. Please accept my point of view, my attempt to explain the fact that many Americans consider themselves freer than you. It does not mean that we think that we are better, and you worse than us. But in terms of our system, we consider that our system is freer than yours."

A woman responds with a reference to a fable which she says sums up the American situation: "People are certainly free to speak out but the administration simply ignores them." The rest of the audience laughs and applauds. Donahue asks for more thoughts on the subject. Another woman makes the point that Soviet people can have their say right up to the highest level, to the Supreme Soviet. Donahue responds: "And in our country we have similar doubts about whether you can say anything you wish in the USSR. That is what Americans think about you. The woman says: "You say you have freedom, but just look how freedom is dealt with when it comes to the use of such measures as rubber truncheons, tear gas, and so on, used by your police--riot shields, and so forth, to disperse demonstrations. What are all those measures directed against? Donahue says: "But could Americans not say the same about what happened in Kazakhstan?" This provokes a stir in the audience and some smile and nod. Donahue continues: "Can we at least have an acknowledgement that at times those same problems arise in your country, as they do in ours? Is that agreed?" Donahue approaches a woman, who responds: "Such things happen in our country only once in I don't know how many years, but very rarely. But in your country these are daily, almost hourly happenings. Donahue asks: "Are you sure that is not an exaggeration?" to which the woman says: "I'm sure."

Donahue walks across to a man who says: "Hello again. What happened in Alma-Ata was something quite different, not like the sort of thing that happens in your country. And there was no need for truncheons, or water cannon, or anything else like that. And those who were trying to make their point--we regard them as mistaken and they themselves think so too--were invited on to the

platform to say what it was they wanted. In other words, the matter was resolved in a wholly democratic way. As for the fact that some hooligans had to be taken in hand and taken off to the police station, what else would you expect if they were being a nuisance to people? But there was no pressure from the state, so to speak, in our country. There is no need for such a thing. Let me say something else. You have walked around Moscow or Leningrad late in the evening--at 9 or 10 o'clock. Last night my wife came home at 10 o'clock. Would you let a woman out on her own in the street at 10 o'clock at night in your country?" The audience laughs and applauds.

A man, a war veteran, praises Americans who speak out for peace, but says that action is needed for disarmament.

Donahue goes on: "I keep hearing you say there are very high crime rates in the United States. Yes, this is true. Maybe our country is not as safe and quiet as yours. But I should like to remind you that this is a problem affecting not all Americans' lives, just a small part of their life. Most Americans are people, just like you, worried about the future of their children, just like you. And there is one other thing I should like to remind you of: There has been no other nation in the history of mankind which has been so generous in opening its arms to those seeking refuge. No single nation has been so tolerant to such a variety of languages, cultures and customs as those which (?have gone to make up) our country. But with this generosity our country has found itself landed with a large number of problems--of language, of culture, of suspicion toward other people. I know that you will be with us in wanting to resolve these problems. But I ask you not to take a lofty attitude, looking down on us from on high and considering that we are not as honorable as you, that we do not have such good intentions."

A woman says that America has indeed been wonderful in taking in people of many nationalities and talents, but usually when it suited America, when they could be made use of; on the other hand there were other immigrants--nonwhites--who were not so warmly welcomed. As for Russia, it has never had slavery, and people of any nationality have always been welcome. She concludes: "Phil, do you feel happy here in our country."

Donahue says: "I feel very much at ease in your country. But permit me to say that there are people in your country who do not feel so much at ease. This is the heart of what bothered those Americans who watched telebridges. Americans stood up before you and admitted that we have been very unfair in our treatment of the native citizens of America--the Indians. Americans stood up and said that in their view Vietnam was a mistake in American foreign policy, and many other critical remarks were voiced. Meanwhile, you sat here in Leningrad and told us that in your country everything is wonderful, that there is no discrimination against anyone. You appear to have no information about the refuseniks and what is happening to them. And Americans say that the reason you take such a position is that the information you have available comes to you from an agency under state control, one which is unlikely to share with you any information that may not be flattering to the state. That, in my view, is the crux of the difficulties that beset dialogue between Soviet and American citizens.

A woman says: "I was present for the Boston-Leningrad telebridge. I went along in order to get to know your women, and so that they would learn something of how we live, and we something of how you live. But they set on us so fiercely that I just blew up. Why so much about Jews? All they could talk about was Jews, Jews, Jews. Why on [and] on about Jews? The Jews get on with their lives. If they don't want to, then they're welcome to go. We are not holding them back. Jews here live well, one might even say very well, they have work..." Donahue interrupts saying: "But there are thousands of Jews who claim that they are being detained here against their will to leave. The woman continues: "I have not heard of anyone who was not allowed to leave, so there must be something behind this."

After the caption indicating the commercial break Donahue raises the subject of the new labor regulations allowing family groups to run small businesses. He asks if anyone present has plans to open such a business. The response is general laughter, and various people tell him he is mistaken if he thinks it means people can operate privately as the state will still control things. Donahue says that even so, some Americans will say this is a return to capitalism. The audience says no because exploitation is banned. One woman says that nobody as yet knows the practical details of how the system will work, but hopes the government will soon announce them. Another woman cites examples from the Baltic states, such as cares and consumer services.

A man who appeared in the previous telebridge speaks emotionally about the wonderful reception he was given in Seattle, from where he has just returned. He says Russians generally do not know Americans properly, and he hands round snapshots of his visit illustrating his warm welcome, saying that what is needed is for the two peoples to be less harsh on one another. His appears draws applause, and Donahue echoes his sentiments.

A woman speaks: "I should like to say that we have so far had too little time to get to know one another as well as we would like, to get to like one another. After all, it is only quite recently that such things as these television programs, telebridges, tete-a-tete meetings with Americans, have begun to be organized. Previously there was nothing like this for us. It was forbidden--this should not be concealed--we were not allowed to get into direct conversation in the street or in a cafe with foreigners, and that included Americans. So where were we to find such frank discussions, even about simple everyday life or about one another. So, let me say that this is only jsut developing. It must not be halted, and only if it is going to continue can we hope to be able to establish some relations of friendship, love, and mutual understanding. Provided this is not halted, I repeat."

Three more women make comments about the value of Soviet and American children getting together, and about the importance of doing something about disarmament, not just talking about it. One of them remarks that she was at the Piskarevskoye cemetery on the anniversary of the lifting of the blockade of Leningrad, and was prompted to think that what Reagan seems to want to do is to turn the world into a cemetery.

Donahue says that with the program coming to an end he would like to introduce "a man who has become my close friend." Pozner walks in, to applause. Donahue

invites him to take part in summing up the series of programs. Pozner says: "I should like to ask you your feelings about these five programs you have made in the Donahue format. What was your reason for making them?"

Donahue responds: "Because I think that the series will make a contribution to the process of healing the rift that exists between the two superpowers. In other words, a contribution to the thaw following the Cold War. We cannot allow that war to continue. The only alternative is to discuss things together and stop insulting one another, not to wait for someone to drop a nuclear bomb on the other."

Pozner responds by asking whether the series could be seen as a counterbalance to the 'Amerika' series on U.S. television. Donahue says that American people have too much common sense not to see the absurdity of the story presented in the series, which, after all, is intended to be fictional. Pozner warns of the danger of confusing information and lies in people's minds. Donahue responds by saying that Americans would not take kindly to have decisions about what they should see or not see made for them. A woman claims that the story is a smear on the Soviet state. Donahue repeats that Americans are very jealous of their freedom of speech.

Pozner lightens the tone by asking for Donahue's impressions after making the program. Donahue replies that he has enjoyed the many friendly contacts with the different audiences, and praises the good facilities provided by Soviet television. He is taking home some good memories, he says.

The a woman asks: "Why is it that Americans are so bothered about the Jewish question" Is it because there are so many in America and you are therefore so bothered about those living in our country? And do you not see the action of those 25 who refused to appear on television as a wish to remain martyrs? This, after all, is something from which they can make capital, yet as soon as they do leave they will be just another group of emigrants as far as your country is concerned. Donahue says: "There is a passionate interest in this question in the United States because Jews and all Americans remember very clearly the mass destruction of the Jews, and want to do everything possible to ensure that it will never happen again. And I know that you do not believe... The woman, interrupting, says: "That couldn't happen in our country. It was the Germans who destroyed large numbers of Jews, the fascists. Here in the USSR that could not happen.

Donahue says: "I am not suggesting that it could happen in the USSR. Please don't misunderstand me. But because of the mass destruction of Jews, millions of Americans have always taken a very vigilant attitude to the danger of anti-semitism. Look at the figures: In 1979, 50,000 Jews were allowed to leave the USSR, but this figure dwindled in 1980 and 1981, and so one can come to only one conclusion, namely that the Soviet authorities are preventing Jews from leaving simply because they are Jews. It is that which is bothering the people in the United States.

Another woman joins in, saying: "Excuse me, but why do Americans have to think that the diminishing number leaving the USSR is because our authorities are

preventing them from leaving, rather than simply because they themselves have revised their attitude to this problem, because they do not want to leave their country? That might also be the case. Why to Americans see this question in one way only? Donahue says: "How will we know, given that the USSR does not do what other powerful and progressive powers have done, which is to say to its citizens: If you want to leave, please leave. Why doesn't the USSR do that?"

A man responds, saying: "Phil, what seems strange to me that the Jews are constantly presented as the only people who suffered in World War II. Belorussians, Ukrainians and other peoples suffered no less. My impression is that there is some political force or other behind this Jewish question, some force which has given the Jews--or rather, it would be better to say, the Zionists--a permanent amnesty to do whatever they will, and guarantees moral backing so that the slightest attack on the Zionist state of Israel or anything of that sort is taken as just about the same thing as an affront to the victims of fascism, and so on and so forth. That is my feeling."

Donahue retorts: "No, no. As a matter of fact, the dispute about Israeli foreign policy is vigorously pursued within Israel itself. The Jews themselves there are arguing about what solutions are ultimately in the best interests of their state, and which ones are not. So I don't think it is fair to say that all criticism of Israeli foreign policy, for instance, necessarily has to be seen as a manifestation of antisemitism."

A woman remarks, to laughter, that Donahue seems less aggressive today than at the time of the telebridges, adding that some Americans from the Seattle group have since visited the hospital where he works and felt obliged to apologise for his rudeness on that occasion.

Donahue replies: "Please understand that there is still a small percentage of people in the United States who think that any kind of contact with the USSR is dishonorable. I believe that those people constitute a very small group in the population. Nevertheless, they are quite an influential group, and so when I told people that I was going to organize the telebridge, some said to me: You really don't think that you will be able to say anything you want to say on Soviet television? I said: I shall say whatever I want to say. And they said: You are a fool, you are a dupe of the Russians. You can't trust the Russians. All the same, I went to Seattle to prove to those people that I could say anything I wanted, in all sincerity. And so I came here, and I asked questions about Poland, about Afghanistan, about the South Korean airliner, about refuseniks, about human rights, about Andrey Sakharov. And I might have looked like a very aggressive person. But I am pleased to say to you that everything I mentioned, everything that was mentioned by the people in the audience, all our criticisms of your nation [last three words in English] went into the final edited version of the Soviet television programs. So in that agreement you kept your promise. [Sentence in English] And to those who thought I looked rather like a tiger I should like to say that for the viability of telebridges it is important to be honest and speak frankly."

A woman quotes some of the Americans who had appeared on the telebridge as saying that if they went home and said nice things about the Russians their friends

would dub them Reds. She asks Donahue for his thoughts. He replies that there is a feeling among some people in the U.S. media that one has to be tough on the Russians, but this does not apply to all, and in fact much positive reporting about the USSR is now surfacing in the United States.

In reply to a question from another woman about reactions in the United States to the Boston-Leningrad program, Donahue says: "Most of the mail we received said: Hurray for you! Continue the dialogue! After the first telebridge a lot of the mail said things like: My goodness, Phil, you sounded as though you were banging your shoe on the table, as Nikita Khrushchev did at the United Nations." This remark provokes laughter in the audience.

He continues: "And I should like to remind you that indeed there are some people in our country who feel that citizens in the USSR cannot freely stand up and voice their opinions or criticize the state in case the KGB is watching you, because you might lose your job, or end up in a psychiatric hospital. But there were very few in our audience who voiced the concern that you yourselves might have been selected by the Soviet authorities rather than by my own office. And I know the latter to be the case." In English he adds: "But we do have some people who just have made it their life commitment to be suspicious, and I think it's important for us not to let them to control our agenda."

Pozner then speaks, saying: "I think that what you are doing, and what I am trying to do, should make it possible in the end for us all to open our eyes, our ears and everything else...." A voice in the audience says: "souls." Pozner responds: "Feelings and souls--yes, that's very true--so that we can see one another. We do not have to agree on everything. It is unlikely we could agree on everything. But we should push aside everything that impedes understanding. And so I think I am voicing the feelings not only of this audience here but also of that audience of many, many millions of Soviet people who watched the telebridges when I say: Come on, Let's push on with this work, despite the sharp disputes that arise. And I also say thank you to you, and let us continue the work. And now I hand over to you for the last word." The audience applauds.

Donahue responds: "As we wrap up our stay in the USSR I should like to say heartfelt thanks from everyone who has come here with me for your generous reception. Nobody can visit your country without being overwhelmed by its size, by its people, and by those efforts now being undertaken by General Secretary Gorbachev to create changes in your society which will be greater than any that have taken place in the USSR since the revolution itself. For us it has been a most interesting opportunity to be present at this historic moment. We should like to see you attain further successes in that direction.

"I should like to make one further remark. I am one of the very few unofficial people who have had the chance to visit Chernobyl, the site of the worst accident in the history of nuclear power. And I ask you to let me leave you with one final note of caution. Nine months have now passed since the accident, and I think it is long overdue for representatives of the world press to be allowed to visit the Chernobyl area. IAEA members have given high marks to the USSR's efforts to clear up, rebuilt and relocate residents." In English he is heard

to say: "But I say thousands and thousands of dedicated Soviet persons who are working in this...." There is an editing cut, and the translation continues: "Therefore I call on you to appeal to your authorities to give permission for representatives of the world press to go there, to allow them into Chernobyl. This would be useful not only for the people working there but also for those living beyond the imaginary boundary that divides the nation.

"Finally, let me say that I look forward to returning here. And I hope that if any of you have the chance to visit the United States, and if you come to New York, then I happen to know a television program which you will enjoy immensely, and let me remind you that the tickets are free. For now I will say a big thank you." Pozner shakes him by the hand, the audience applauds.

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WESTERN EUROPE

'TOP PRIORITY' ON THATCHER VISIT, ARMS

LD041410 Moscow in English to North America 2300 GMT 4 Apr 87

["Top Priority" program, presented by Pavel Kuznetsov, with Radomir Bogdanov and Sergey Plekhanov, not further identified]

[Excerpts] [Kuznetsov] How do you do, ladies and gentlemen, welcome to "Top Priority." I'm Pavel Kuznetsov, your host. Together with Radomir Bogdanov and Sergey Plekhanov, we'll take a look at some of the results of the official visit here by British Prime Minister Margaret Thatcher. She's an exceptionally remarkable person in many ways and the very warm welcome accorded to her here testifies to the fact that such views are shared by very many people here. In all, Mikhail Gorbachev and Margaret Thatcher have had over 11 hours of talks which have led to the signing of several agreements ranging from joint space projects to the decision to upgrade a hot line between Moscow and London. Is there anything else you'd like to single out as an achievement, or are those agreements signed in Moscow the tip of an iceberg while the rest is underwater and consists of major differences of opinion. Who'd like to begin?

[Bogdanov] First of all, Pavel, don't you think that our American listeners may be a little bit surprised why we at this end [are] talking to them about Mrs Thatcher's visit?

[Kuznetsov] What do you mean?

[Bogdanov] Yes, it's a question to you.

[Kuznetsov] To me?

[Bogdanov] Yes, it's a question to you.

[Kuznetsov] No, I don't think, because...

[Bogdanov] You don't think so....

[Kuznetsov] ...They would like us to expand the topics on our panel.

[Bogdanov] Yes, I agree with you, but at the same time, I would like to say just a few words how I perceive all that and how I believe that there is a very close

link between her visit to Moscow and our Soviet-American relations. What [do] I mean by that? The British prime minister is a lady of a very high stature in the West and especially in the United States. As it is very well-known, she is a very good friend of the American president and she enjoys a very high reputation in the American society and the American political circle. And...

[Kuznetsov] And not only in the American political circles...

[Bogdanov] Not only, yet, but, I mean...

[Kuznetsov] She's also quite popular in her own circles.

[Bogdanov] Yes. Throughout the Western Europe and I believe, you know, as a humble student of the American and Western Europe relations, that when she comes to Moscow with this background in one way or the other she reflects some kind of, some level of the thinking of American thinking, too. They are very close allies, they are very close friends and it was of very great interest to us what she thinks. Now you put the question, you rather focus on the positive side of her visit to Moscow. I agree with you, it was very interesting and was very exciting, if you like. And...

[Kuznetsov] I would like also to hear from you some negative,...

[Bogdanov] Yes, but, at the same time, you know, at the same, of course, there is one point which could not bring any agreement between Soviet and British side, and what you know worries me, the view that she had expressed in Moscow in some way, in rather substantial way, coincides with the views of the American side, and I mean nuclear disarmament. First of all, the problem in principle, and in the problem in particular. In principle I mean that it turned out that the British side is against nuclear disarmament, complete nuclear disarmament, in Western Europe, and it turned out that the British side is not very much excited about INF agreement, INF disarmament.

[Kuznetsov] Well, perhaps not against....

[Bogdanov] ...Not against...

[Kuznetsov] ...Experiments, but don't believe in immediate nuclear disarmament.

[Bogdanov] But when I say that we come, came, across some difficulties in INF, I mean, not that the prime minister was in principle against INF, but she put forward some conditions which, to my mind, of some surprise, they look like kind of, you know, not conditions, but kind of obstacles in the way of solving that problem, which is to deal, to remove all nuclear weapons from Europe.

[Kuznetsov] One of those specific obstacles that Professor Bogdanov has just mentioned Sergey, this question to you.

[Plekhanov] Well, she tried to establish a linkage, and the Americans are also talking about that, between intermediate-range nuclear missiles and short-range nuclear missiles. Some formula is being worked out, because according to Soviet

proposals, and we think it's very important, we commit the side, the two sides will commit themselves, to negotiation on removing shorter range missiles the moment they start, sign, the agreement on INF. And this is also a linkage. We recognize that it's not just the INF, but the short-range missiles are also (?prominent) and they should be removed. The problem is that the Americans are not talking of short-range missiles in the sense that they would like to increase the number of those missiles that they have in Europe.

[Kuznetsov] And Britain seems to support this.

[Piekharov] And Britain seems to support that. On the other hand, I think it is important that on principle, in principle, Margaret Thatcher endorsed the idea of the INF, and there were not only differences, but there was also common ground, and in terms of moving toward a successful completion of negotiation, on INF between the United States and the Soviet Union, and Britain here is just an observer. And it is important just what position Britain takes vis-a-vis this issue, because in the past few months there've been speculations that Britain is dead-set against an INF deal, and is against removing Soviet and American medium-range missiles from Europe. Now Mrs Thatcher is on record endorsing such a deal.

[Plekhanov] Conditions are another matter which can be discussed and worked at.

[Kuznetsov] What do you mean by endorsement, the fact that Mrs Thatcher said that she hopes agreement could be signed by the end of the year?

[Plekhanov] Yes, well I don't have in mind specific dates, or anything like that. I have in mind the principal endorsement by Mrs Thatcher of....

[Bogdanov] You know, my difficulty, Sergey, my difficulty is that after all, all this weaponry belongs to the Americans. Of course, Americans have to listen to their allies, but, you know, when you say that she endorsed, it has a meaning that she has a (?say) in that talks, you know, which is not the case, you know.

[Plekhanov] Right, but I...

[Bogdanov] We are dealing directly with the Americans.

[Plekhanov] Sure, right....

[Kuznetsov] I think the program is getting out of control, because you keep talking to yourself.

[Bogdanov] No, no, no, just...

[Kuznetsov] Just one more question please. What was the major bone of contention, as far as I understand it, was the concept of nuclear deterrence, and I would like one of you to spell out our position and perhaps where we disagree with the British side.

[Bogdanov] You know, we have touched upon that question quite a number of times, but I believe this time we should come back to that very important notion of deterrence. First of all, deterrence means for us, as we understand it, not deterrence, but scaring the other side, getting it frightened, and the way of keeping that credible, you have to build up all the time new weapons, to modernize them. The American notion, they started, mind you, they started to deter us when we had not a bit of nuclear weapons.

[Kuznetsov] Right, they did not want to be deterred by us in turn.

[Bogdanov] And they didn't want to, you know. I believe that deterrence, it's the real evil in the international relations, because that's the source of the arms race.

[Kuznetsov2] And you think those fears...

[Bogdanov] ...(?that this) feeds suspicions you know and if you like, it feeds the technological (?arms race).

[Kuznetsov] Yes, it makes diplomacy hostage of the arms merchants.

[Bogdanov] If you really are to deal with the novelties of the nuclear age, you have to deal with that very obsolete.... Now, what do you think, Sergey?

[Plekhanov] Her views were broadcast over nationwide TV and her speeches were printed in Soviet media and she really shocked a lot of people by stating, yes, nuclear weapons are good for keeping the peace. And one is really amazed to see the prime minister of a major nuclear power being totally aloof from the heated discussions and very searching discussions on the meaning of deterrence, on what the bounds of terror is all about, of how dangerous it has become, and how we have gotten hostage to, not only to technology as such, but to technological failures, to accidents.

[Kuznetsov] I don't think that the current overkill, level of weapons can be called a deterrent. It's a means of mutual suicide.

[Plekhanov] Well, the threat of mutual suicide is exactly what deterrence is all about, but if we really depend on the prospect of mutual suicide to keep the peace, then we are in a very, very bad situation, because the numbers of weapons are so high and the possibility of an accidental start of a nuclear war is increasing day by day, and so we really must find an alternative way of keeping the peace. Mrs Thatcher doesn't seem to recognize that.

[Kuznetsov] From London and other West European capitals as well as from Tokyo, we also hear that the United States and the Soviet Union should set an example in doing something about nuclear weapons, but as soon as there is a move of initiative on our side or the United States shows interest, we also hear something about a superpower conspiracy, that the United States is going to abandon Western Europe, or that the Soviets are out to split the Western alliance. How would you explain the role of American allies in such situations?

[Bogdanov] Well, if you put that question to me several months ago, I would have my explanation. But now believe me or not, I have no explanation but one. It's a lack of honesty, I'm sorry to say that. And lack of fairness. And my question is where is the real Western European position? They were crying for so many months and years that they begged the Soviet Union to remove their missiles, nuclear missiles, from Europe. They were begging the Soviet Union, please. The package [words indistinct].

[Kuznetsov] ...Break it down.

[Bogdanov] ...Break it down and pick up INF separately. When we do that they say no, I'm sorry, we don't want that. So you come to a very difficult (?decision). Where is the explanation? I believe, you know, that the explanation is very simple. They lost the sense of being sure of themselves. Why? I don't know, because if they rely, still rely on nuclear weapons as the only means to really deal with the Soviet Union, then I'm very sorry. They lost self-confidence. That's my view.

[Plekhanov] I believe it is a very sad commentary on the current state of international affairs, for the very notion that nuclear arms may be abolished one day sends creeps up some spines, and I personally view Mikhail Gorbachev's repeated calls for a new way of thinking as a suggestion, that without some fresh conception of breakthroughs, arms control is doomed to remain more dead than alive for many years to come. And this is what we have failed to see, I think so, in the position of the British prime minister.... Would you agree with that?

[Bogdanov] Yes, I would agree, but you know I would like us to call your attention to one very important fact; that they have, I mean Western Europe, they have on their plate the whole menu now, beginning from the nuclear weapons and ending by chemicals. They have the whole set of solutions to deal, first of all to deal with nuclear weapons of all kinds, in stages, nuclear weapons, INF then operational and tactical missiles of enhanced range, then shorter range missiles, then conventional forces. Mind you....

[Kuznetsov] You don't think that conventional forces will have to wait?

[Bogdanov] No, no, no, I meant they have it (?on the menu), on the plate, you know. And they have chemicals. Now what I mean to say is this. All European grievances about the Soviet threat, conventional threat and things like that, they are about to be solved if you start talking. But we have suggested to them almost a year ago, a year ago in last May in Budapest, very attractive, interesting proposals on conventional forces. Still they have no official answer.

[Kuznetsov] They're still studying it.

[Bogdanov] They're still studying it.

[Kuznetsov] (?It's good) you've touched on the conventional weapons, because the other day I looked through another booklet published here on American military might and called "Whence the Threat to Peace," and to me it is mind-boggling

and I'm truly amazed that some people can have the guts to stand up and say that America and the Western alliance in general are easy prey to the Soviet Union. I mean what kind of [words indistinct] is needed to see some more and more weapons of any kind in such a situation?

[Plekhanov] Yes, of course that's one of the big lies, the statement that the Soviet Union and the Warsaw Treaty have an advantage in conventional weapons over the West. What they do to prove that point is pick out certain categories in which we have a preponderance and forget about those categories of weapons where the West has a preponderance. I think there's been a number of studies made by neutral and very serious observers, students of the situation, like Stockholm International Peace Research Institute, which have established beyond any doubt that NATO is perfectly capable of defending itself with conventional weapons, just as the Warsaw Treaty is capable of defending itself with conventional weapons, just as the Warsaw Treaty is capable of doing that. And so there is a rough balance in conventional weapons too, so we can safely get down to removing the excesses of conventional arms on both sides, of bringing down the levels of armaments and changing our strategies in such a manner that neither side will be able to wage an offensive war. But only for self-defense.

[Kuznetsov] What you're saying, if I understood you correctly, is that it is inconceivable for the NATO and the Warsaw Treaty to match each other, tank for tank, missile for missile, soldier for soldier.

[Kuznetsov] I would like, because time is running out on us, I would like for one of you to sum up in a few words the main points, the highlights of the visit by Mrs Thatcher to the Soviet Union.

[Plekhanov] I think it was an important stage in the ongoing East-West dialogue on matters of security, international security and keeping the peace. Old thinking is still very much entrenched in the minds of people in the West, and the way to change that is to talk, to make points, to have discussions, and to have open discussions so that people can judge. And in that sense, I think it's been very important to visit. I'm sure that it will move things forward and will make the world a more secure place.

[Bogdanov] The most dangerous enemy of today is obsolete old thinking.

[Kuznetsov] Thank you very much. We've come to the end of today's edition of "Top Priority."

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## WESTERN EUROPE

### UK, USSR REVISE AGREEMENT ON AIR LINKS

LD280252 Moscow TASS International Service in Russian 1215 GMT 27 Mar 87

[Text] Moscow, 27 March (TASS)--Boris Bugayev, minister of civil aviation, and Bryan George Cartledge, British ambassador to the USSR, today exchanged letters that amend the supplementary protocol to the intergovernmental agreement on air links on matters concerning flights along the trans-Siberian route between London and Tokyo via Moscow.

From 31 May this year, the British airlines British Airways and British Caledonian will be granted the right to run two flights a week each in wide-body B-747 aircraft between London and Tokyo along the trans-Siberian route without any stopover in Moscow, and one flight a week each with a stopover in the Soviet capital.

The Soviet airline Aeroflot will increase the frequency of its flights on the London-Moscow-Tokyo route to four a week in Il-62M aircraft (or three flights in Il-62M and one in the Il-76T cargo aircraft). Three of the seven weekly Aeroflot London-Moscow flights will now be made by the Il-86 airbus.

The new British Airways flights will be in addition to the airline's daily flights between London and Moscow, and to its weekly flight between London and Leningrad.

Additionally, Aeroflot and British Airways have been granted the right to begin regular weekly flights on a new route between Moscow and Manchester.

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## WESTERN EUROPE

### USSR-UK CHAMBER OF COMMERCE DISCUSSES TRADE PROSPECTS

PM301539 Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 28 Mar 87 p 3

[V. Yevkin article: "Business Ties: Seeking New Solutions"]

[Text] A child's shirt would not fit an adult. In the same way, according to the figurative expression used by USSR Minister of Foreign Trade B. Aristov, the potential of cooperation with Britain is squeezed tightly within the framework of today's development of business relations between the two countries. This was unanimously recognized as an axiomatic truth at the 71st annual meeting of the British-Soviet Chamber of Commerce [BSCC] which took place in Moscow. Even the fact that the volume of mutual commodity turnover trebled over the last decade cannot be considered a victorious achievement since turnover indicators have remained stable over the last few years, and this makes it possible to speak of stagnation.

What is holding back progress? A partial answer to this question is offered by an analysis of the structure of cross deliveries. Finished products prevail in British exports, while deliveries from the Soviet side are dominated by raw materials. Our partner unquestionably needs these commodities, and hence a sensible solution lies not in reducing raw material deliveries but in developing trade in machines and equipment. There are items to be bought in a country which accounts for about 20 percent of the world's industrial output. It is a pity that the British side is unaware of the USSR's export potential and concentrates its attention on seeking a selling market. According to data cited by Ye. Pitovranov, chairman of the USSR Chamber of Commerce and Industry Presidium, 90 percent of British businessmen visiting our country (with about 1,000 such visits sponsored by the BSCC in the last 4 years) represent producer firms. Meanwhile, the insignificant proportion of buyers familiarize themselves, as a rule, with one single republic and overlook the production picture of the country as a whole.

Our partners also admit to a lack of information. British Ambassador to the USSR B. Cartledge cited some curious statistics: For every representative office of a British company in Moscow there are six West Germany, four French, three Japanese.... A shortage of contacts can be felt. The question will now be resolved to a certain extent with the opening of a BSCC office in the Soviet capital. A new channel will open for permanent links between business circles in our countries, and this will primarily benefit medium and small firms in Britain which, for financial reasons, have been unable to afford their own representative offices in Moscow.



By no means is everything favorable in terms of the structure of imports from Britain. At present, as I. Ivanov, deputy chairman of the State Foreign Economic Commission under the USSR Council of Ministers, declared, it is consumption based, with many deliveries being directly consumed by the economy without leaving any noticeable trace on it. The plan for the future is that import deliveries will serve as an alternative to capital investment in domestic industry resulting from involvement in the international division of labor. Purchases are already oriented toward the long term and the modernization of domestic industry on the basis of the latest achievements of science and technology. In this context, there arises the question of the competitiveness of British products which, unfortunately, do not always meet the rigorous demands of the Soviet market. As a result of this, a number of firms have lost profitable orders.

Reserves for cooperation are to be found not just in the improvement of trade turnover. There are prospects for expanding the sale of Soviet licenses and organizing industrial production sharing. The British side has an indecisive attitude toward the question of creating joint enterprises. As of today, firms from various countries have signed 39 protocols of intention, 12 agreements are ready to be concluded, and 3 enterprises are already in a position to start operations. But only two such proposals are being seriously examined by the British.

But not everything depends on entrepreneurs. There are other restraining factors of a protectionist nature. For example, about 170 lines of Soviet exports to Britain are subject to harsh quotas. There are also long lists of British commodities banned from export to the USSR, at times for incomprehensible reasons. Relations are also marred by frequent and groundless accusations of dumping. The time has come to demolish the barriers. Both Soviet and British businessmen advocated this.

The BSCC meeting fortuitiously coincided with the eve of the visit by British Prime Minister M. Thatcher to our country. Great hopes are placed on its outcome. The British newspaper THE SUNDAY TELEGRAPH, for example, forecasts that this visit "will give a major fillip to Anglo-Soviet trade" and "will produce specific results in guaranteeing jobs in the country." Time will tell. But even M. Thatcher's agreement to ceremonially open the BSCC's Moscow office already says much. Businessmen expect with hope that the proposal for a 40-50 percent increase in trade made by M.S. Gorbachev during his 1984 visit to Britain will materialize. For the time being, talks on deals totaling about R1 billion are being held with partners from that country. And this is not a bad basis for radical changes.

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## WESTERN EUROPE

### SOVIET TRADE WITH WEST EUROPEAN COUNTRIES

Moscow FOREIGN TRADE in English No 2, 1987 pp 20-27

#### Cooperation with Denmark

[Article by Yuri Piskulov, Aleksandr Solomatin]

[Text] Soviet-Danish trade and economic relations are progressing on a stable contractual-legal foundation of the Treaty on Trade and Navigation signed 40 years ago and supplemented by the agreements on economic, industrial, scientific and technical cooperation concluded in the 1970s and a Long-Term Programme for Developing Economic and Industrial Cooperation of 1978.

Soviet-Danish trade and economic cooperation became stable and dynamic in the 1970s when successes in detente reached on the European continent created favourable conditions for its all-round development. The two countries' trade ties constantly expanded and were oriented on searching for new trends and specific large-scale cooperation projects. The intergovernmental Soviet-Danish Commission for Economic, Scientific and Technical Cooperation set up in 1970, which is at present an important organizational and mana-

gerial mechanism for developing the USSR-Denmark trade and economic ties, is greatly contributing to this and the realization of complex tasks for expanding foreign economic, industrial, scientific and technical cooperation between Soviet and Danish organizations, enterprises and firms.

A characteristic feature of Soviet-Danish trade development in recent years is the substantial Soviet import growth from Denmark owing to which the mutual trade disbalance has been largely reduced. There is every reason to expect that in the near future our countries' trade will become more balanced.

Machinery and equipment take a leading place in the USSR's import from Denmark. Danish firms supply the Soviet Union with ships and marine equipment for the food, dairy and meat industries, casting lines, chemical equipment, agricultural machinery, various devices, etc.

In 1986 the Aalborg shipyard fulfilled a Soviet order for constructing three refrigerator ships outfitted with Soviet diesel engines and navigation equipment worth more than 11 per cent of the ships' total cost. This is a good example of business cooperation between the two countries' organizations and firms. Large contracts have been signed on the delivery to the USSR of equipment for modernizing the Orekhov sugar-mill, heavy-duty cranes for constructing large-panel buildings and equipment for the cement industry. In addition to the wide range of Danish machinery and equipment, the Soviet Union also imports certain food and gustatory products, fabrics, clothing and other finished goods. In 1986 the USSR import volume from Denmark was expected to top 100 million rubles.

In the Soviet export raw material goods of the fuel and power group, timber and chemical products predominate. The USSR exports also certain types of machinery and equipment, primarily cars, tractors and metal-cutting machine tools to Denmark. However, the portion of these goods is still insignificant and their range is small. The high portion of oil and petroleum products in the USSR's deliveries to Denmark had a negative impact on the development of the USSR's export to this country in 1986. Its cost volume will fall substantially (down to 130-140 million rubles) due to the sharp deterioration of these goods' value on the world market. This again confirms

the necessity of exerting joint efforts for improving the Soviet-Danish trade structure and including new goods of mutual interest in the trade turnover.

The Soviet Union is realizing the 12th five-year plan which is of special importance for accomplishing specific tasks to accelerate the country's socio-economic development. These tasks outline the development of the USSR's foreign trade with Western countries. The main stress is being placed now on imparting a progressive character to the commodity structure through increasing the portion of finished products, mainly machinery and equipment, in the Soviet export and improving the import structure by curtailing purchases of food, ferrous metals and standard equipment and increasing the share of advanced machinery and equipment assisting scientific and technological progress.

It is on the above lines that the Soviet Union is building its trade and economic relations with Denmark.

The official visit of P. Schlüter, Prime Minister of Denmark, to the USSR in October 1986 gave a new impetus to the development of the two countries' mutual relations. During negotiations, great attention was given to trade and economic cooperation—an integral part of the entire complex of the USSR-Denmark mutual ties.

Positively assessing the results of the Soviet-Danish trade and economic cooperation, the sides stressed the necessity of making a

wider use of forms of cooperation based on mutually beneficial scientific, technical and production cooperation and the setting up of joint enterprises for its further development.

The aim now is to make the two countries' economic ties more effective and versatile.

To fulfil it, of vital importance is the sides' activity on realizing the Long-Term Programme for the Development of Economic and Industrial Cooperation and specific projects envisaged in the elaborated Long-Term Plan.

This Plan includes over 20 priority projects in the form of mutual trade and production cooperation in the following spheres: the food, dairy and meat industry, agriculture, electronics, chemical, metallurgical and cement industries.

To create more favourable conditions which will further develop mutual trade and other forms of economic cooperation and more deeply use economic, scientific and technical potential of Denmark and the Soviet Union in these countries' interests the sides prepared a Protocol specifying and supplementing the Long-Term Programme and exchange letters on prolonging the period of validity of the Soviet-Danish Agreement on Development of Economic, Industrial, Scientific and Technical Cooperation. These documents were signed by the government leaders during the visit of P. Schlüter to the USSR. These agreements take into account the many-year experience of Soviet-Danish business ties

and the prospects for their further expansion with a consideration of the Guidelines for the Economic and Social Development of the USSR for 1986-1990 and for the Period Ending in 2000.

Amplification of Soviet export, increased deliveries of finished products, primarily machinery and equipment, denote the main trends of the USSR-Denmark trade and economic ties.

Denmark positively assesses the Soviet foreign trade organizations' effective activity on advancing Soviet finished products on the Danish market and expresses readiness to render assistance in resolving any questions on this matter.

Denmark received a list of main machinery, equipment and household durables offered by Soviet foreign trade associations for delivery to Denmark. The question of a meeting between representatives of Soviet export organizations and Danish importers for discussing specific possibilities on the delivery of Soviet products to the Danish market is under consideration. The possibility of involving Soviet organizations in modernizing Danish state railways as well as a number of other projects concerning the USSR's export of goods to Denmark is under study.

Development of cooperation on the basis of licence and "know-how" exchanges and through the establishment of production cooperation with Danish firms including in the spheres of membrane technology for the food industry, foundry, the manu-

factory of quality control instruments and devices for agricultural produce, expanded shipbuilding and ship completion with Soviet products, measuring systems and other types of equipment opens great opportunities not only for increasing the Soviet machinery, equipment and other finished products export but also for the mutual trade in this group of products in general. Realization of these possibilities will substantially expand the two countries' trade and economic cooperation and to a great extent determine its future structure. Cooperation in establishing joint enterprises in the USSR is under study.

The agro-industrial complex is now an important sphere in business cooperation between the USSR and Denmark. Promising trends and specific projects are outlined for bilateral cooperation in agriculture and the manufacture of foodstuffs including processing of bones for food purposes, the manufacture of ferment preparations for cheese-making, production of pectin and instant coffee, construction of hot-house complexes, etc.

The USSR-Denmark's cooperation in the agro-industrial complex

is progressing and promoting the further development and diversification of Soviet-Danish trade and economic relations.

The signing of an Agreement between the two countries' governments on the agro-industrial complex during the visit of P. Schlüter to the USSR was a new practical step towards strengthening the two countries' economic, industrial, scientific and technical ties in this sphere.

The sides are continuing their active searches for solid cooperation projects in fishery and shipbuilding in order to extend the positive experience gained from cooperation in building refrigerator ships in Denmark for the USSR.

This brief review of the trends of Soviet-Danish cooperation shows that there are good possibilities for its improvement. Better use of these opportunities in the present-day complicated international situation is prompted not only because of the mutual economic advantage but also because it is important for strengthening confidence between the two countries.

There is every reason to believe that the good-neighbourly cooperation between the USSR and Denmark will successfully progress.

#### Stable Relations with Belgium

Moscow FOREIGN TRADE in English No 2, 1987 pp 22, 23

[Article by Aleksandr Borisov]

[Text] The year 1986 marked the 15th anniversary of the signing of a Trade

Treaty regulating commercial relations between the Soviet Union and

Belgian-Luxemburg Economic Union (BLEU). The Treaty provides for the sides granting each other the most-favoured-nation treatment. Over those years the mutual trade volume increased almost tenfold and in 1985 amounted to 1,500 million rubles; the range of exchanged goods expanded, and new forms of economic relations developed.

Belgium ranks first among the Western countries in purchasing refrigerators from the USSR, and second in importing Soviet motor cars. Belgium imports universal machining centres made by the Ivanovo production association and metallurgical equipment. A special workshop, built with Soviet assistance, is in operation at the Tubes de la Meuse firm for cutting threads in pipes and manufacturing couplings. Belgian firms are using Soviet technologies such as the blast furnace transpiration cooling system, for the production of polymer pins used in surgery and of eye films, also services for enriching uranium. Soviet-Belgian business cooperation was instrumental in building a steel plant in India, a glass insulator plant in Mexico, gas pipelines in Algeria, Iran and Libya, an oil pipeline in Nigeria.

Eleven joint-stock companies in which Soviet foreign trade and transport organizations are participants operate in Belgium. They trade in machines and equipment, raw materials and consumer goods, fertilizers, and render transport services: Scaldia-Volga (motor cars), Belso

(foodstuffs and industrial consumer goods), Nafta B (oil and oil products), Ferchimex (mineral fertilizers), Russalmaz (cut and industrial diamonds), East-West Agencies Technical and Optical Equipment (recreation and domestic goods), Stanbel (machine tools, forge-and-pressing equipment), Trans-world Marine Agency (servicing Soviet ships), Sobelmarine (ship chartering), Allied Stevedores (stevedoring), Teveko (forwarding services).

In addition to the above Belgium and Luxemburg import chemicals, ferro-alloys, timber, plywood, anthracite, liquefied gas, cotton from the USSR.

Nowadays more than 160 Belgian firms are Soviet foreign trade organizations' business partners. In 1985 import from Belgium increased 17 per cent. Under the agreements concluded for the deliveries between 1988 and 1990 the Soviet Union is to receive seamless tubes and tubing strings, steel sheet, brassed wire, metal cord and bar. Belgium supplies the USSR with chemical products, pesticides, soya protein, garments, synthetic and woollen yarn, artificial furs, carpets. Soviet purchases of Belgian machines and equipment trebled as against the 1984 figure. The Soviet Union has bought from Belgium lorries, chemical equipment, equipment for photographic laboratories, equipment for making glass, a complex for growing strawberries, a licence for equipment mechanically processing graphitized electrodes. Belgium overhauled a Soviet motor-ship.

Soviet organizations and BLEU companies are implementing 14 agreements on scientific and technical cooperation in chemistry and petrochemistry, welding, foundry and converter processes, loom manufacture, the cinema industry, the development of diamond tools, metallurgy, pesticides production and other fields. BLEU companies participated in expanding and modernizing Soviet chemical, iron-and-steel and glass-making enterprises, in constructing an international exhibition complex in Moscow and a seaport at Tallinn.

At present joint efforts are being made to implement the Long-term Programme for the Development of Economic, Industrial, Scientific and Technical Cooperation between the USSR and BLEU and also to fulfil the Protocol of the 12th session of the Intergovernmental Joint Commission on Economic, Scientific and Technical Cooperation between the USSR and BLEU which was held in Moscow March 1986. The industrial exhibition, *Belgium Today*, held in Moscow last October, coincided with the eleventh meeting of the Soviet-Belgium-Luxemburg and Belgium-Luxemburg-Soviet Trade Promotion Committees. The Committees considered progress made in the USSR-BLEU all-round relations, the state

and prospects of business cooperation between the sides' organizations and firms, including a joint approach on third countries' markets, and also cooperation in chemical engineering as well as industrial property protection in Soviet-Belgian-Luxemburg economic ties.

The parties are ready to continue rendering assistance in the exchange of business delegations, trade and economic information, patent and licence activity, quality and quantity control of export-import goods, exhibitions, seminars, symposia, business contacts days in the USSR and BLEU. The parties adopted a programme of joint activity which envisages, in particular, Soviet organizations' participation in the international exhibition, *Flanders Technology*, to be held in Belgium in 1987. It is necessary to intensify the activity of working groups, set up by the Joint Commission, on machines and equipment, agro-industrial complex, chemistry and petrochemistry, non-ferrous metallurgy.

At present Belgium ranks seventh in the USSR's trade with West European countries. The achieved level of trade and economic cooperation is a sound foundation for furthering business ties between the Soviet Union and Belgium.

## USSR-Norway Intergovernmental Commission

Moscow FOREIGN TRADE in English No 2, 1987 pp 23, 24

[Article by Dmitri Deskurnikov, Dmitri Bystrov]

[Text] Late 1986 the Intergovernmental Soviet-Norwegian Commission on Economic, Industrial, Scientific and Technical Cooperation held its 13th session in Oslo under the chairmanship of K. Mosbakk, Norway's Minister for Commerce and Shipping. The Soviet delegation at the session was led by V.N. Burmistrov, Chairman of the Soviet part of the Commission, Deputy Minister of Foreign Trade of the USSR.

The session considered matters promoting trade, economic, scientific and technical cooperation between the USSR

Both sides agreed that the main problem facing their mutual trade was the narrowness of the export and import commodity range. Oil and oil products prevail in Soviet exports to Norway, while in its imports from that country pulp-and-paper products account for about 50 per cent. This narrow and predominantly raw material character of trade predetermines the annual variability of their trade turnover.

Both delegations stressed that the possibilities of furthering and diversifying trade were unsufficiently used as yet. That is why the session paid much attention to ways and means of increasing trade in machines and equipment, on which the prospects of trade and economic cooperation between the two countries depend to a considerable degree.

The Commission was pleased to note the increased exports to Norway of Soviet motor vehicles, metal-cutting machine tools, universal containers and greater imports from that country of computers, equipment for the food and chemical industries. Favourably commented upon were the great efforts which the Permanent and Norway. Great interest was aroused by the information the Soviet delegation gave on the measures taken in the Soviet Union to improve foreign economic activity and develop new forms of scientific and industrial cooperation, including the establishment of joint enterprises with foreign companies.

The Commission noted the positive development of Soviet-Norwegian economic, scientific and technical relations as a whole and the favourable prospects open for them.

Working Group on Economic and Industrial Cooperation between the USSR and Norway is exerting in those fields. The Working Group's activity is conducive to broader business contacts between Soviet organizations and Norwegian firms for implementing specific projects of mutual interest.

The Commission recommended that the Working Group concentrate its activity on finding promising projects suitable for industrial cooperation, primarily in machine building and also gave it a list of the main projects of Soviet-Norwegian cooperation for approval at the next regular meeting.

The session discussed prospects of Soviet-Norwegian cooperation in implementing possible large-scale projects.

This concerns, above all, the Norwegian firms' possible participation in developing the Kola Peninsula's mineral resources. In June 1986 Soviet and Norwegian experts met in Moscow to consider this subject, and last September an extended seminar was also held in Moscow in which a large number of Soviet and Norwegian specialists participated.

In the course of discussion the parties came to the conclusion that the Norwegian firms' participation in obtaining and processing titanium-molybdenum concentrate from apatite flotation tailings seemed most promising. It was decided to set up an *ad hoc* working group of experts, consisting of representatives of Soviet organizations and Norwegian firms, to work out the matter further.

The Soviet delegation suggested that Soviet organizations could participate more in building and modernizing projects on Norwegian territory, particularly in the power industry.

The sides were satisfied to record that some projects of cooperation had been



Soviet-Norwegian Trade						(mln. rubles)
	1981	1982	1983	1984	1985	1986 (first six months)
Trade turnover	147.7	165.1	181.9	209.4	177.6	75.4
Soviet export	52.1	92.9	79.5	129.3	104.3	29.4
Soviet import	95.6	72.2	102.4	80.1	73.3	46.0

studied in such sectors as information processing systems, power engineering, the pulp-and-paper industry.

Participants particularly pointed out that Soviet-Norwegian cooperation was progressing most successfully in fishery. In the inter-session period the Soviet Union was supplied with a factory for growing fish fry. Negotiations are under way on purchasing a factory for making fish fodder. Cooperation in obtaining and processing seaweeds seems promising.

Joint work within the framework of the agreement on scientific and technical cooperation between the USSR Ministry of Fishery and the Simrad firm of Norway has resulted in the creation of a set of fish-searching asdic apparatus which is recommended for industrial production. Soviet specialists jointly with the Trio Maskinindustri firm of Norway have developed and tested an automatic machine for processing small fish.

Progressing scientific and technical cooperation in other fields was noted at the session. In particular, both sides welcomed the setting up of the working group on cooperation between the USSR State Committee for Science and Technology and the Boconor consortium of Norway now studying the possibilities of jointly developing the Barents Sea oil and gas resources.

As the Commission pointed out, at present eight agreements on scientific and technical cooperation are in operation between Soviet ministries and departments and Norwegian firms.

Both sides deem it necessary to combine scientific and industrial cooperation as this would give better commercial results.

In the course of the session V.N. Burmistrov, Chairman of the Soviet part of the Commission, Deputy Minister of the USSR Foreign Trade, had talks with Kare Kristiansen, Norway's Minister for Industry, A. Ølen, Minister for the Oil and Power Industry, and also at Norway's Ministry for Fishery.

The Soviet delegation visited a number of Norwegian enterprises, and meetings and talks were held between representatives of Soviet organizations and Norwegian firms.

The next session of the Intergovernmental Soviet-Norwegian Commission on Economic, Industrial, Scientific and Technical Cooperation is to be held in Moscow in 1987.

The last session gave an impulse to Soviet-Norwegian economic ties. Immediately after the last October's session Norwegian firms took an active part in the international exhibition Electronmash-86 held in Moscow.

Last October the Norwegian firm Kongsberg, which has been cooperating with Soviet business partners for more than fifteen years already, was Norway's first industrial company to open a permanent office in the USSR. Its automated designing systems and various automated devices for production processes are in operation at many Soviet enterprises in the automotive, shipbuilding, oil and other industrial sectors.

## Economic Cooperation with Ireland

Moscow FOREIGN TRADE in English No 2, 1987 pp 25, 26

[Article by Mikhail Filippov]

[Text] December 1976 saw the USSR and Ireland concluding an Agreement on Economic, Industrial, Scientific and Technological Cooperation. Over the past ten years relations between the two countries have progressed to a qualitatively new stage. Considerable advances have been made in commerce, in which the Intergovernmental Soviet-Irish Joint Commission on Economic, Industrial, Scientific and Technological Cooperation played an important role. Set up to help establish regular contacts between the two countries' competent representatives and study the possibilities and interests of the parties in order to expand mutual business ties the Commission has become a significant organizational instrument promoting economic relations between the states.

Since the Agreement was signed Soviet-Irish trade has almost trebled thanks to both countries' strengthened economies and wider knowledge of each other's markets.

Serious structural changes characterize Ireland's economy. Modern branches clearly show an increasing portion in its overall industry. Chemistry and machine building are receiving priority development.

Ireland's relatively rapid economic growth has enhanced its foreign trade and the structure of it. Between 1975 and 1984 the country's export showed a constantly growing share of engineering articles, especially machines and equipment (from 19

per cent to 30 per cent) and also chemical goods (from eight per cent to 15 per cent). The largest export item in the group of machines, equipment and transport facilities is taken by office equipment and computers, whose share in the total deliveries of engineering products rose from 34 per cent in 1980 to 60 per cent in 1984. In that period the export of electrical articles almost trebled. Between 1981 and 1984 Ireland doubled its export of chemicals, products from organic synthesis accounting for the main portion of their shipments.

High quality of animal products enables Ireland to compete with Australia and New Zealand on the Far East countries' markets and also export its products to Canada.

At the same time the density of Ireland's machinery and equipment market is inferior to that of other EEC members. Over the last five years the share of engineering articles has risen 50 per cent in Ireland's import. Purchases of office equipment, computers and electrical articles have shown a considerable increase. Agricultural machinery occupies a special place in the import of specialized equipment. Since 1980 Ireland's purchases of wheel tractors from Czechoslovakia have been stable (260-300 machines per annum). The demand for motor cars is growing.

Soviet foreign trade organizations have ample opportunities for

diversifying their business transactions with their partners in Ireland. This is facilitated by the activities of the working groups on machinery and equipment, and also on cooperation in agro-industrial complex which were set up under the auspices of the Joint Commission in 1984. Ireland is now importing machine tools, forging-and-press equipment, garage equipment, motor cars. In 1986 an agreement was signed on shipments of 120 tractors from the Soviet Union. The possibility of Soviet organizations' participation in implementing projects the Irish companies are building in third countries—Saudi Arabia, Iraq, Zimbabwe, Indonesia, the Sudan, is being studied. The parties are searching for new forms of economic cooperation.

The range of equipment Ireland exports to the USSR has expanded, these shipments also include truck tractors, hoisting gear, equipment for the oil, pulp-and-paper industrial sectors.

Business ties have become stronger. More and more exhibitions are being held. Soviet foreign trade organizations regularly arrange in Dublin expositions of business information at which samples of export goods are displayed. The exhibitions are also followed by seminars for Ireland's business circles.

In their turn Irish companies more actively take part in international exhibitions held in the USSR. The visit to the Soviet Union in October 1985 of John Bruton, Minister for Industry, Commerce and Tourism of Ireland, was an important event conducive to stronger trade relations between the two countries. At that

time Moscow received a representative delegation of Irish businessmen who were interested in trade negotiations with a number of Soviet organizations.

The two countries' scientific and technical cooperation has progressed considerably. It is especially successful in the sphere of fundamental and applied research carried out by scientists of the USSR Academy of Sciences and the Royal Irish Academy. Cooperation is active in the peat industry (in which both countries occupy leading positions in the world) and also in fishery. Scientific links are gaining in scale in agriculture (particularly researches in selection of agricultural plants and animals, genetic engineering and biotechnology) and also in power, environmental protection, medicine, health care, etc.

Realization of the course aimed at accelerating social and economic development of the Soviet Union opens up new horizons for applying more widely the provisions of the Soviet-Irish Agreement on Economic, Industrial, Scientific and Technological Cooperation.

The ninth session of the Intergovernmental Soviet-Irish Joint Commission on Economic, Industrial, Scientific and Technological Cooperation, held in Moscow October 1986, was a practical demonstration of the two countries' intention to continue efforts aimed at deepening stable long-term and mutually beneficial relations in accordance with the Agreement of December 16, 1976.

The session positively assessed the progress made in developing these relations and noted, in particular,

that the business contacts between both countries' firms and organizations had become wider and more beneficial.

The parties confirmed their intention to render all possible help in consolidating these relationships and also in developing such new forms of economic relations as co-production, joint enterprises, trade in licences.

The parties considered it necessary to liven their efforts aimed at broadening mutual shipments of engineering products and other finished articles. Cooperation in the agro-industrial complex can become a promising direction for expanding trade and economic relations. The parties are sure that the negotiations which were conducted during the visit to Ireland last September of a

delegation from the USSR State Committee for Agro-Industrial Complex will give a new impetus to the establishment of new business contacts between the two countries' interested organizations and firms. The delegations agreed that these questions be considered at the regular meetings of the working groups on machinery and equipment and on cooperation in agro-industrial complex.

The sides confirmed their intention to continue efforts that will consolidate and deepen their stable, long-term and mutually advantageous relations in conformity with the provisions of the Final Act of the Conference for Security and Cooperation in Europe.

#### USSR-Netherlands Joint Commission

Moscow FOREIGN TRADE in English No 2, 1987 pp 26, 27

[Article by Aleksandr Borisov]

[Text] Last October the intergovernmental Soviet-Netherlands Joint Commission on Cooperation in the Economic, Industrial and Technical Fields held its ninth session in Moscow under the chairmanship of G.F. Rakhimbayev, USSR Deputy Minister of Foreign Trade. The Netherlands delegation was led by F. Engering, Director General for Foreign Economic Relations of the Netherlands Ministry of Economic Affairs.

The session discussed the state and prospects of trade, economic, scientific and technical cooperation between the two countries. The parties exchanged information about the future development of

the USSR's foreign economic relations in line with the decisions of the 27th Congress of the Communist Party of the Soviet Union and the outlook for the Netherlands economy. The Soviet delegation gave the Netherlands side information about measures taken in the USSR to radically improve foreign economic activity. The Commission approved the work done by the working groups on machinery and equipment, and on the agro-industrial complex, set up within the framework of the Joint Commission, and outlined ways of brising up their activity.

Between 1981 and 1985 Soviet-Netherlands trade was double the

volume of the mutual deliveries achieved in the previous quinquennium and in 1985 it amounted to 1,300 million rubles. In 1986, Soviet-Netherlands commerce somewhat reduced due to the lower prices of oil and petroleum products exported from the USSR and decreased purchases of food products from the Netherlands.

The Soviet Union supplies the Netherlands with oil and petroleum products, timber, chemicals, machines and equipment (motor cars, tractors, flax pullers, bearings, metal-cutting machine tools), potassium salts, goods for recreation and domestic purposes (refrigerators, TV sets, clocks and watches, cameras). Netherlands firms use the Soviet "know-how" of the transpiration cooling system for their blast furnaces, of skinning cattle carcasses, of cleaning gas of sulphur-containing constituents.

The Soviet Union imports from the Netherlands machines and equipment for various industries, chemical products, farm produce, glycerine, steel sheet and plate, fabrics, garments. In 1986 the USSR began purchasing pesticides from that country. Large contracts have been concluded for the Netherlands to deliver to the Soviet Union a specialized ship—oil collector, equipment for the agro-industrial complex, installations for making linoleum, cement, chip boards, wall-paper, drainage pipes, materials for developing the Astrakhan gas-condensate project, equipment for spraying polymer coatings. In 1986 the Netherlands overhauled three Soviet vessels.

The long-term contracts are being implemented for the shipment to the USSR between 1986 and 1988 of flowers bulbs and vegetable seeds, and also licence agreements for the purchase from the Netherlands of "know-how" for making mini-miniature electromagnetic receivers for hearing aids, "know-how" for growing fodder beans and seed potatoes, for using the method of digit sound recording and reproduction on compact disks. In 1985 the Soviet Union began purchasing garments from the Netherlands under an agreement on compensation-freight operations as part of the earnings from Soviet ships chartered by Netherlands firms.

Through building iron-and-steel works, grain elevators, thermal power plants business cooperation on third countries markets developed.

The delegations positively appraised the negotiations under way between Soviet organizations and Netherlands firms on co-production and joint sale of hydraulic shears, sheet-bending presses, gymnastic equipment, clothes, and also concerning cooperation on third countries' markets. A recommendation was made in expanding such cooperation, stressing the promising character of joint enterprises. The parties expressed their opinion that the improved conditions of Soviet-Netherlands trade would favourably influence the two countries' economic relations.

The Commission recommended that efforts be continued on improving the trade structure

through greater mutual shipments of engineering products.

The Netherlands delegation showed interest in developing cooperation in shipbuilding. It was pointed out that exchange of "know-how" in energy saving and the medical industry could be a new interesting direction of cooperation.

The Commission noted that scientific and technical cooperation had further progressed, especially in chemistry, petrochemistry, oil refining, the food and light industries, machine building for the light and food industries. The delegations expressed readiness to promote cooperation in robotics, microelectronics, biotechnology, the creation of new materials, health care, in developing the continental shelf.

Favourable prospects were noted of furthering cooperation in the agro-industrial field, particularly, in plant-growing, plant protection, cattle-breeding, veterinary science, land reclamation, in crop growing, storage and processing. The parties supported the quick signing of a long-term programme of cooperation in this sphere of endeavour by the USSR State Committee for Agro-Industrial Complex and the Netherlands Ministry of Agriculture and Fishery.

In the Commission's opinion, the Netherlands Trade and Industrial Exhibition to be held in the USSR April 1987 would promote Soviet-Netherlands trade and economic cooperation. The delegations expressed readiness to

take the necessary steps which would ensure success of the exhibition.

The parties confirmed the importance of agreements currently in force on economic affairs that are strengthening and broadening Soviet-Netherlands business cooperation. The Commission noted that the Long-Term Programme for the Development of Economic, Industrial and Technical Cooperation, which the parties coordinated in 1986, would brisk up trade and expand business contacts between the USSR and Netherlands, and give their recommendations concrete expression.

During the session members of the Netherlands delegation and representatives from Netherlands firms accompanying it visited Soviet organizations and foreign trade associations to discuss specific business matters. The Netherlands delegation's Chairman was received by V.V. Dementsev, Chairman of the Board of the USSR State Bank, and Yu.A. Ivanov, Chairman of the Board of the Bank for Foreign Trade of the USSR, and also visited the USSR State Committees for Science and Technology and for Foreign Economic Relations.

To wind up the proceedings the parties signed a Protocol summing up the results of Soviet-Netherlands trade, economic, scientific and technical cooperation and planning its further development.

The tenth session of the Joint Commission will be held in The Hague in the second half of 1987.

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CSO: 1812/154

EASTERN EUROPE

POLISH UNCTAD DELEGATE CALLS FOR MEASURES TO IMPROVE TRADE

PM310854 Moscow IZVESTIYA in Russian 30 Mar 87 Morning Edition p 1

[Own correspondent V. Kuznetsov report: "Expanding Dialogue"]

[Text] Geneva--the 33d session of the UNCTAD Trade and Development Board continues in the Palais des Nations.

Its participants' tasks include preparing for the Seventh UN Conference on Trade and Development (UNCTAD), which is to take place in Geneva in July. Delegates who spoke at the plenary sessions stressed that it is an important task of the seventh session to strengthen multilateral dialogue on the most acute problems of international economic practice.

We believe, Boguslaw Sosnowski, head of the Polish delegation, stated on behalf of the group of socialist states, that the main task of the coming session should be to create stable incentives to the development and expansion of international trade. Since the Seventh UNCTAD Session will be taking place in conditions of growing economic instability, the socialist countries believe that international currency and financial cooperation should be developed on the basis of respect for all states' interests.

We propose that the session put forward an initiative for the elaboration of concrete measures aimed at a just solution to the debt problem in the interests of all countries and at reducing the outflow of capital from the debtor countries, including the operations of transnational companies. These countries, Boguslaw Sosnowski said in conclusion, advocate ensuring the economic security of all states. They are convinced that disarmament and the cutting of military spending are in present conditions the most suitable way of security additional resources for development.

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CSO: 1807/255

## LATIN AMERICA AND CARIBBEAN

### BRIEFS

EARTHQUAKE AID TO ECUADOR--Quito, 23 March--The first batch of aid provided by the USSR Union of Red Cross and Red Crescent Societies to the population of Ecuador has arrived here. The medicines, tents, blankets, and other urgently needed items are intended for the victims of the major earthquake that hit the northeast regions of the country 5 March. [TASS report: "Aid to Ecuador"] [Text] [Moscow IZVESTIYA in Russian 24 Mar 87 Morning Edition p 4 PM] /12232

TASS-EMB AGREEMENT--Brasilia, 25 March (TASS)--An agreement has been signed here on news exchange between TASS and Brazil's state news agency EMB. The document was signed by Yu.V. Romantsov, deputy general director of TASS; and Rui Lopes, president of EMB. [Text] [Moscow TASS International Service in Russian 0315 GMT 25 Mar 87 LD] /12232

FAULTY CONSTRUCTION IN CUBA--The USSR is helping Cuba construct the Che Guevara Works in Moa region which will eventually form part of a complex to produce one-quarter of the world output of nickel. Construction began in 1975. During precommissioning work in February 1986, a number of difficulties delayed plant certification for a year. In particular, ore-mixer supports collapsed when put on load. It transpired that Orsk Urals Machine-Building Works had supplied defective castings. Aeroflot flew in 276 new castings urgently ordered at a cost of about R1 million, but upon inspection they were also found to be flawed. The works is to have eight furnaces but only one is in operation. There have also been many mistakes in planning the works. Some 1,000 Soviet specialists are now working at the site. They are ashamed of the mistakes made by Soviet organizations. A plan has been drawn up to put everything right, and specialists are now working 17-18 hours a day to carry out repairs. [Summary] [Moscow Television Service in Russian 1000 GMT 28 Mar 87 LD] /12232

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CHINA/FAR EAST/PACIFIC

RENMIN RIBAO REBUTTAL OF SENATOR HELMS' CRITICISM CITED

PM061225 Moscow IZVESTIYA in Russian 4 Apr 87 Morning Edition p 4

[TASS report: "Article in RENMIN RIBAO"]

[Text] Beijing, 3 April--Today the newspaper RENMIN RIBAO called U.S. Senator J. Helms' speech in the U.S. Senate Foreign Relations Committee gross interference in China's internal affairs and the "undermining" of SINO-U.S. relations.

In particular he attacked China in connection with its current struggle against "bourgeois liberalization." In the senator's opinion, the struggle against this ideological trend in China, which is aimed at departing from party leadership and returning to capitalist, is a struggle against the intelligentsi and against democracy and the Chinese people are suffering from this struggle. This is not the first statement of this kind, RENMIN RIBAO points out. Previously J. Helms charged the PRC with the accusation that the struggle against "bourgeois liberalization" is the violation of human rights in China.

The aim of the struggle against "bourgeois liberalization," the newspaper writes, is the more comprehensive, more correct implementation of the line which has been steered for 8 years now, the improved implementation of reform and the policy of expanding ties with the outside world, and the more effective building of a socialism with specific Chinese features. This was reaffirmed once again by PRC State Council Premier Zhao Ziyang in his report at the recent session of the National People's Congress.

Stability in the country is strengthening and democracy is continuing steadily to be developed, RENMIN RIBAO notes. The struggle against "bourgeois liberalization" is encountering support among all strata of the country's population including the intelligentsia. That is why all claims that this struggle is harming the Chinese people are simply "ridiculous and absurd," the newspaper stresses.

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CSO: 1807/258

CHINA/FAR EAST/PACIFIC

PRC ECONOMIC REFORMS, EXPERIMENTS EXAMINED

PM021455 Moscow TRUD in Russian 1 Oct 86 p 3

[Own correspondent S. Kuznetsov dispatch: "Time of Change. Today Is the PRC National Day"]

[Excerpts] Beijing, 30 September--Last year--the 36th year of the PRC's existence--was for country a year of work on further modernizing the national economy. In 1985 the volume of the gross national product increased 12.5 percent, and industrial production increased 18 percent. The rate of increase will be lower this year, although still quite high--this is determined by a number of government measures aimed at avoiding "overheating the economy," as people here say, to iron out certain disproportions in the national economy.

The weekly BEIJING REVIEW reports that this summer was a record one in all the time of the PRC's existence for typhoons, hurricanes, and floods. But, despite the natural disasters, a good harvest of grain crops is expected this year in the country as a whole thanks to the peasants' hard work, the extension of sown areas, and the further rationalization of agricultural production.

The reform of the economic mechanism is continuing in China. The current experiments are being extended to more and more spheres of the economy. Some of them are having an obvious effect and becoming the everyday practice, while others, owing to their socioeconomic and ideological consequences, are provoking objections from broad sections of the Chinese public. They are being held back and modified, and their implementation is deferred for a time.

Since 1984 the system of director's personal responsibility for the results of management has been introduced in 27,000 enterprises in the country. The point is that during the nationalization of industry in the fifties the enterprises' former owners frequently became their directors--they did not yet have their own cadres. Therefore, the party organizations were granted extensive rights to intervene in production management in order to ensure the state's interests and the labor collectives' interests. Now that the country possesses managerial cadres trained under people's power, such petty tutelage of the activities of production leaders has begun sometimes to hinder matters.

The new system provides that an enterprise director can be recalled not only by a higher organ but also by a meeting of representatives of the enterprise's

workers and employees. At the same time, the director's rights have been extended significantly, to the point where he can choose and appoint his own deputies and shop and section chiefs. As the journal HONGQI writes, the experiment has proved a success at a majority of the enterprises where the new system has been tried out.

Another example. The PRC State Council has approved temporary regulations governing so-called labor recruitment under contract. The system of centralized job placement, which existed until now and which is retained for those already in work, in practice means that a worker is tied for life to one place, frequently with a guarantee of equal benefits regardless of the quality and quantity of labor. In China this is called the principle of the "big iron pot," to which everyone has equal, guaranteed access.

In an interview in the weekly BEIJING REVIEW He Guang, deputy minister of labor and personnel, recalled that the PRC leadership sees breaking with the practice of the "big pot" as one of the chief means of enhancing the working people's activeness and making more flexible use of the material interest factor. Under the new regulations every person taken on for work concludes a contract with the management for a certain time, and the agreement provides for the sides' mutual obligations. The contract can be renewed, but it can also be cancelled if the worker violates labor discipline or does bad work.

The system of pension provision has also been changed. Although the greater part of the pension fund is set up with money from the enterprise, the "contract" worker must also pay 3 percent of his wages into that fund every month. Approximately 3.5 million people are now working under contracts in China.

Other experiments include pepping up private enterprise, setting up money and labor exchanges, the issuing of shares by state and cooperative enterprises for the additional mobilization of their workers' and employees' financial resources, and the planned adoption of the "enterprise bankruptcy law," which will apply for the time being to plants and factories in the state sector.

What do ordinary people in China think of the current experiments? Poll materials published recently by the newspaper RENMIN RIBAO indicate that two-thirds, on the whole, voiced approval for the experiments. At the same time, more than 80 percent of the plant workers polled expressed the opinion that the state must continue to show concern for pension provision and medical services. The definite growth in private-ownership sentiments and the spread of "economic crimes" and also of a number of other "Harmful infections," as people say in China, have given rise to valid concern among the PRC public and leadership.

Of course, it is not simple for China's trade unions to work under conditions of economic reform and sometimes very acute experiments.

Comrade Li Zheng, deputy chief editor of the newspaper GONGREN RIBAO ("Workers' Newspaper," organ of the All-China Trade Union Federation and one of the most widely read publications in China, with a circulation only smaller than RENMIN RIBAO), says: "Working people frequently write to our newspaper. Workers

complained, for example, that at a number of enterprises wage categories are arbitrarily raised for administrative and managerial personnel, and bonuses are paid without agreeing them with the trade union. At the newspaper's suggestion, supported by the Trade Union Federation, the government organs have adopted a special resolution, and now wage categories are raised and bonuses paid only with the approval of meetings of workers' and employees' representatives."

Pointing with satisfaction to the onward development of Soviet-Chinese relations in many directions in recent years, we Soviet people wish the Chinese people on their national day new successes on the path of accelerating socioeconomic development are ready to further arrange good-neighborly, mutually advantageous relations.

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REVIEW OF BOOK ON PACIFIC FREE-TRADE ZONE

Moscow FOREIGN TRADE in English No 2, 1987 p 30

[Text]

Ye.B. Kovrigin, *Contradictions and Prospects of Forming a "Pacific Community,"* Mezhdunarodniye Otnosheniya Publishers, Moscow, 1986.

The book is devoted to economic problems facing establishment of a "free trade zone" between the Pacific region's industrial capitalist countries: Japan, the United States of America, Canada, Australia and New Zealand. This free trade association, which does not yet exist, has been named "the Pacific ring community" or "Pacific community."

The book reveals that the plans of the advocates of its organization are to impose unequal trade conditions on the developing countries (primarily the ASEAN member-countries) who come within this "community." An analysis is made of the factors, specific features and contradictions of this region's integration process.

Great attention is paid to the relationships between stimuli and contradictions of the "community" project. The following are notable: the gap in the socio-economic development levels of the "Pacific community" proposed members; the possibility of resolving intra-regional trade problems and interlocking capital in the region; the resources of the Pacific Ocean as a stimulus and an obstacle for integration; the political factors, i. e. "for" or "against" the union.

The book cites as "for" integration a factor which the author considers as most appropriate: these countries' mutual supplementation within this community. The author thinks that this objective basis is being realized due to the region's rapid economic growth, especially its foreign economic ties when referred to the world total level. The book shows the on-going inter-branch and intra-branch division of labour; mutual adaptation of economic structures.

As a circumstance hindering the formation of this grouping the book mentions the lack of a compact group of neighbouring countries which could form the kernel of the grouping. Important factors in this respect are the global nature of the economic interests of the "community" main participants—Japan and the USA, the Pacific states' extreme heterogeneity in their development levels, socio-political orientations, cultural and historical foundations.

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REVIEW OF BOOK: ASEAN ECONOMY AND POLICY

Moscow FOREIGN AFFAIRS in English No 2, 1987 pp 53-54

[Article by Yevgeni Korshunov]

[Text] The Political Report of the CPSU Central Committee to the 27th CPSU Congress stressed the increasing importance of the Asia and Pacific region's aspect in the Party's foreign strategy. To this end the monograph under review\* will be of interest for readers as it deals with the activity of the Association of South-East Asian Nations (ASEAN), one of the largest regional associations of the developing world. The share of this Association's member-countries constitutes from one-third to four-fifths of the world's output of natural rubber, copra, coco-nuts, palm oil. This region has large deposits of certain minerals and great manpower resources.

The book specifies the ASEAN's role and place in the world capitalist economy. Main accent here is placed on an analysis of the character of the Association member-countries' political and economic relations with the imperialist states. The merit of the book is that the authors strive to reveal and assess the new tendencies and phenomena in the ASEAN's activity.

The book points out that due to a complex of foreign and home economic and political factors the ASEAN countries' significance in the world economy has grown.

Featuring the role of the Association's countries in world trade the authors emphasize that the volume of their export-import operations is approximately equal to the trade turnover of all the developing countries on the African continent, forms two-thirds of the Latin American and one-fourth of the Asian developing states (p. 48). At present the ASEAN countries are exporters of not only traditional raw materials but also finished products.

The ASEAN countries are more actively trying to use their resources as a practical lever to influence the imperialist states. Certain shifts have occurred in the character and form of relations between the two groups of states. However, despite the intensified tendency towards overcoming their unequitable position in the system of international economic relations the ASEAN countries as before are first of all the advanced capitalist countries' source of cheap raw material and a commodity market for their industrial goods.

The authors make a conclusion about the ASEAN member-countries' stronger and modified dependence on the main centres of world capitalism. The imperialist states use the export

of capital in loan and production form, to the ASEAN region as a powerful means for attaining their neocolonial aims.

In the period under review the portion of economic assistance in the total inflow of financial resources to the Association's states was becoming less. This was aggravated by the worsened terms of their granting. The ASEAN countries' foreign debt has reached unheard proportions.

Of certain interest is the authors' attempt to give their own assessment of the volume of foreign private capital investments in the ASEAN region. They conclude that the countries in this grouping are the main object of the TNC's activity. Even in 1979 of all developing Asian countries in this region nearly 48 per cent of the capitalist countries' direct private investments were concentrated and by volume they surpassed these capitalist states' investments in all African developing countries (p. 67).

The new tendencies in the ASEAN countries' foreign economic ties have to a great extent determined the evolution of their foreign economic policy. According to the authors, in the 1980s a particular type of foreign economic policy has taken shape in this grouping as a response to the increasingly active policy of "collective neo-colonialism." At present a rather stable mechanism of discussion and adoption of joint decisions on economic relations with the advanced capitalist countries based on the ASEAN countries' common interests is formed within the grouping.

It is pointed out that, as practice shows, the aims of the ASEAN countries' foreign economic policy often contradict the imperialist interests in this region. Taking advantage of a number of circumstances (the general upsurge of the developing countries'

anti-imperialist struggle, the increased significance of South-East Asian natural and manpower resources due to the economic crisis in the West, the aggravation of the imperialist states' competition for the region's resources, etc.) the countries of this grouping exerted joint pressure on the Western countries and gained certain concessions in the sphere of economic exchange.

However, the book justly states that the "strong dependence on the imperialist states, the secure positions of the Western countries' private capital in ASEAN countries' economies as well as other reasons substantially restrict their collective efforts aimed at protecting their economic interests" (p. 72).

Up to the mid-1970s the ASEAN had been mostly a political organization. The expansion of mutual economic ties was hindered by such factors as lop-sided specialization, a low level of economic development and one-sided orientation on the advanced capitalist countries in the foreign economic sphere. The results of the ASEAN's economic programme on the main directions—cooperation in the manufacture and exchange of raw materials and cooperation in trade and industry are being assessed.

Despite sharp contradictions and difficulties the ASEAN countries have attained positive results in each of the above spheres which witnesses the countries' objective concern for strengthening and diversifying their mutual economic ties.

The final chapters analyze the ASEAN states' political relations with the Western countries and Indo-China. The imperialist states, primarily the USA, persistently strive to turn this grouping into a military-political block and use it as their support in this region.

It is stressed that certain rather influential circles within these member-countries are also interested in expanding military cooperation. Yielding to the pressure of the USA and its partners the ASEAN countries have in fact repudiated the documents adopted at the summit meetings held in 1976 which envisaged the settlement of regional problems through a dialogue and mutual rapprochement.

The book under review is, of course, not without questionable points. Thus, one can hardly agree with the authors' thesis that "the ASEAN formation was not a direct result of its participants' demands for internal political and economic development" (p. 13). In our opinion the Chapter, ASEAN on the Road of Restructuring Foreign Economic Relations, ought to have dwelt more on economic cooperation between the countries of this grouping and other developing states. Although the results of the ASEAN's activity have been deeply and all-roundedly analyzed, the authors, in our opinion, insufficiently wrote about the prospects of the organization's development.

The noted drawbacks do not diminish the total positive impression of the monograph, it undoubtedly will be of interest for a wide circle of specialists concerned with international economic relations.

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CSO: 1812/ 159



MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

CURRENT 'LOOK' OF TEHRAN NOTED, BETTER USSR-IRAN TIES DESIRED

PM241130 Moscow PRAVDA in Russian 20 Mar 87 First Edition p 5

[Own correspondent A. Stepanov report: "Iran: Behind the Facade of War"]

[Text] Tehran--It is not difficult for a stranger to find his bearings in Tehran. The Iranian capital is divided into squares, with its main highways intersecting each other at right angles. (Vali-e Asr) street is considered to be the longest. It stretches for 18 km from end to end of this city of 6 million inhabitants.

Gradually rising from the people's quarters in the south to the fashionable districts in the north, where the Iranian elite once lived, the street seems to rise directly toward the snowy cap of Mount Demavend. Plane trees grow along both sides of (Vali-e Asr), and irrigation canals run right by the roots of the mighty trees. Sometimes the sun gets warmer and the air temperature rises to the 20-degree mark, and sometimes a cool rain falls and the canals are filled with muddy water carrying garbage and fallen leaves.

Regardless of the season there are always a lot of people on (Vali-e Asr) street, traffic jams are commonplace here, and institutions, movie theaters, snack bars, and stores are located on this street.

A group of women have stopped by a store window with brightly colored dresses on show; they are like a flock of black birds. Talking animatedly, they examine the display of clothes with interest. Prices permitting, you can buy whatever you like, but on one condition: You can only put on the new clothes at home, far from the eyes of strange men. In the street, a full black cloak is obligatory--the "chador" or "(khidzab)," which, according to Muslim tradition, leaves only the face and hands exposed. Those who do not observe this custom risk being mocked or even beaten up by zealous supporters of Islamic puritanism.

Motor cyclists dash about in all directions on Japanese Hondas, weaving their way between the locally assembled (peykan) cars, the trucks, and the old work-horse "double-deckers"--British two-story buses. In the rush hour a 15-minute trip can take an hour. Without the overpasses built over the busiest intersections and the one-way traffic on parallel routes, street transport would probably simply come to a standstill.

The front in the Iran-Iraq war, now in its 7th year, is far from Tehran, but the mass media bring its hot breath to practically every home with daily reports, photographs, television features, and mobilization campaigns. The attempts at major offensives made by Iran in the Basra region recently, according to the reports received, did not culminate in decisive success, and led to thousands more casualties.

In Tehran's streets there are many young people on crutches and refugees from regions devastated by hostilities and bombings. They add to the already large army of unemployed. They beg for alms. Some for a piece of bread, others, judging from the unhealthy gleam in their eyes, most likely for drugs.

In the city you cannot help noticing that the advertising hoardings are faded and peeling. The main roads are full of potholes, the houses look dilapidated, in some places there are piles of garbage in the alleys, and some of the stores have closed--a long time ago, judging from the accumulated dust in the windows.

There are noticeably few shoppers in the stores. Prices are "biting," making goods unattainable to the majority of the population. Moreover at the stalls where basic food products are sold for coupons at government-subsidized prices around one-third of the usual price, long lines form--one for men, another for women.

Every blank wall or fence has its slogans, glorifying martyrdom in the name of Allah, quoting the Koran, or cursing the "great devil--America." Everywhere you meet patrols of the Islamic revolutionary guards--the volunteer guards of the ruling clergy. Portraits of the leaders of the Islamic Republic, first and foremost Ayatollah Khomeyni, hang in prominent places. In clothing, dark colors predominate. Combined with the men's unshaven faces, which, following the example of theologians and mullahs, have become the fashion, and the shapeless figures of the veiled women, all this creates a very unusual picture. That is the life style of the Islamic Republic. You can feel it everywhere: in clothes and the manner of intercourse, in the city's outward face and in the new names of streets and squares.

My companions from the Ministry of Islamic Guidance explained that the majority of the capital's streets and squares were renamed after the 1979 February revolution. Only Firdausi Square kept its name. True, some people wanted to throw down the monument to the great poet which embellishes it on the grounds that he was a "bad Muslim," but it was saved.

The traditional oriental bazaar has once again become the true business heart of the capital. Under the shah it had begun to lose its role, being subjected to a powerful onslaught from foreign goods, supermarkets, and department stores. Now the market is on the way up. Every district has its speciality. Copper and leather goods, footwear and all kinds of textiles, spices and stationery, imported electronic goods, piles of splendid Persian carpets which are famed throughout the world but, alas, are not in much demand: Exporting them is banned, since they are considered a national asset. So foreigners do not take the carpets, and as a rule they are beyond the pockets of the local buyer.

That is not the only problem for the bazaar. For instance, the Central Council of Guilds, which expresses its interests, sharply criticized the Ministry of commerce in the press. The merchants believe that the output which has accumulated in state warehouses is distributed in an uncontrolled fashion, and state officials get rich on this basis. The bazaar's dissatisfaction is a symptom of some importance. Its "mood" is a barometer of the country's domestic political life.

Evidently by way of contrast, my kind Iranian companions invited me to the modern (Radioelektrik-Iran) television production enterprise. Plant Director (A. Mostakimzade) explains:

"After the revolution the enterprise owners fled abroad, and it became part of the state sector. Now we could produce more than 1,000 color and black-and-white televisions a day, but in fact we make fewer than 500. The reason is that we are forced to import virtually all the electronic components for television circuits. But gradually we are making some of the components and sub-assemblies ourselves, and in future we plan to produce our own televisions entirely."

The majority of the plant's employees are women. Wages are lower here than in the private sector, but workers and employees hold on to their jobs, since they are given various benefits and a social security system, while the specter of unemployment looms outside the gates.

Next to the light, spacious shops I was shown the plant kindergarten, medical office, and educational premises. The enterprise provides its employees with free food and transport for the journey to and from work, and gives financial assistance for building housing. The plant cooperative store sells goods at a significant discount.

"We have no trade union, but as at every enterprise with more than 30 employees, an Islamic council, a '(shura),' has been set up," I was told at the plant. "Eleven people have been elected to our council--nine workers and two from the management. It monitors the administration's activity, holds meetings every month, and resolves questions of production and daily life. Similar councils exist in state institutions and newspaper editorial offices. Together with the Islamic councils formed on the territorial principle attached to mosques, they form the political foundation of power today."

I talked to (A. Nadzhiri), a member of the council at one of the oldest, most important Iranian newspapers, ETTELA'AT. He heads its International Department.

"Our newspaper is independent, we ourselves decide what to publish and how to comment," (A. Nadzhiri) says. "At the same time there is a personal representative of Ayatollah Khomeyni on the editorial collegium, and his opinion is very authoritative."

"We are following the Soviet peace initiatives carefully, and regard them with approval," (Nadzhiri) goes on. "Although our views on the Iran-Iraq war and

the situation in Afghanistan differ, we believe that links in the sphere of information between our neighboring countries must be developed so that we know and understand each other better."

I observed that along with unfriendly attacks against the USSR, the Iranian press has recently begun to deal more and more frequently with the subjects of the need to develop Iranian-Soviet economic relations. Their history goes back for decades. Unfortunately the continuing war has not spared the projects once built with our country's assistance. They include the (Ramin) thermal power station near Ahvaz, the metallurgical combine and thermal power station at Esfahan, and a number of others. Soviet specialists who were working there were evacuated.

The 10th session of the Soviet-Iranian Standing Commission on Economic Cooperation, held at the end of last year, showed that opportunities exist for its development on a mutually beneficial basis.

(M. Laridzhani), Iranian deputy foreign minister, told me: Iran's relations with the Soviet Union have durable, ancient traditions. First, we have a common position oriented against the intrigues of American imperialism in the region. Second, we are neighbors, and that opens up good prospects for trade, economic, scientific, technical, and cultural exchange. Relations between us are again developing, albeit slowly. The existing obstacles are temporary. Sooner or later they will disappear, and the bonds of good-neighborliness with the Soviet Union will remain. The development of contacts between us will lead to greater mutual understanding and respect. And ultimately to a rapprochement in our views on many issues.

...The situation taking shape in Iran is complex, even contradictory. Iranian leaders state that the regime is trying to smooth out the economy and ensure greater social justice. At the same time Iran is waging an endless, exhausting war with Iraq, which leads to tremendous sacrifices and privations and retards the country's development.

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MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

SITUATION IN AFGHAN CITY QANDAHAR, CLOSE TO WAR, DESCRIBED

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[Own correspondent D. Meshchaninov "Letter from Afghanistan": "The Uneasy Day-to-Day Life in Qandahar"]

[Text] Qandahar, Kabul--The session of the "South" Zone Defense Council had already gone on for over 2 hours. This zone comprises four of the country's provinces: Qandahar, Zabol, Oruzgan, and Helmand. However, today only the situation in Qandahar--the "hottest spot" in Afghanistan, as one of the speakers described it--was being discussed. From time to time the dull thud of nearby explosions could be heard in the building of the Provincial Council of People's Deputies Executive Committee where the meeting was being held, the brick walls of the high vaulted hall shuddered, and the window panes rattled.

For many years now an undeclared but nonetheless very real war has been raging here, bringing death and destruction. The outskirts of the city have suffered in particular. Approaching Qandahar from the airport you see rubble everywhere, with isolated buildings with dome-shaped roofs rising out of it, preserved as if by a miracle. In the city center, bustling with life during daytime, the traces of destruction are also visible.

It is no accident that Qandahar occupies a special place in counterrevolution's plans. The ancient capital of the independent Afghan state founded in 1747 by Ahmad Shah has always played an important role in Afghanistan's economic and cultural life. It is located at the crossroads of vitally important transport routes. It is the major trade, scientific, and cultural center in the south of the country. The oases of Qandar Province contain fertile lands and pastures. An old saying claims: "He who rules Qandahar rules Afghanistan."

"The province's potential is vast," Ahmad Nabi, chairman of the Qandahar Province PDPA Committee, told me after the session. "However, we must face the truth. The undeclared war poses many problems for the people's government. Take the power supply problem, for instance. The power line which links the city with the power station in neighboring Helmand Province has been blown up by the Dushmans and we have not yet managed to restore it. Because of electricity shortages the wool and textile mills are working one shift only, and not enough water is being pumped into the irrigation systems in the province's fields. For the moment we are managing with small diesel generators, but this is no solution, of course. They are inefficient and use up vast quantities of precious

fuel, which entails considerable difficulties and expenditure to deliver in present conditions. For this reason we are now channelling all our efforts into completing a major oil-fired power station as soon as possible. This means that the electricity requirements of all industrial enterprises and several quarters of the city will be fully met in the near future.

"The Tarnak state farm has fulfilled the annual plan for the production of grain, achieving yields of 50 quintals of wheat per hectare. We have not managed to preserve all of the abundant crop. The old elevator cannot cope. A plan for its reconstruction has been drawn up. The construction of a major motor vehicle repair plant is continuing. In short, there is plenty of work."

"By decision of the DRA Council of Ministers money has recently been allocated for repairs and reconstruction of the airport building and the construction of a hotel there," Zaman, chairman of the provincial Executive Committee, joins our conversation. "We are planning to set up a major motor vehicle base in the province; after all, practically all goods are transported by road in Afghanistan."

Outside, the war was rumbling on--the war which, despite the appeal for reconciliation, the extremists are continuing, encouraged and generously supplied by their Western patrons.

"Nonetheless, the course toward national reconciliation is beginning to bear fruit," Ahmad Nabi said. "In many parts of Afghanistan the situation is normalizing, members of armed formations are laying down their arms and giving up their struggle against the people's power. In Qandahar Province the situation remains complex. The enemy is trying to exacerbate the situation to breaking point."

"However, reconciliation is making its mark even in our province," Nabi went on. And, glancing at his watch, he unexpectedly asked me: "Would you like to attend talks with the leader of a hostile armed formation? He should be here in 15 minutes. He has been thinking about this for a long time but he took the decision only today, finally convinced that we will abide by our guarantee of his personal safety. If you write about him, I would just like to ask you not to mention his name or the political affiliation of his formation. There have been more and more cases lately of Dushmans, on the instructions of counter-revolutionary leaders in Pakistan, settling accounts in blood with anyone who makes contact with representatives of the People's Power."

Together with Ahmad Nabi we crossed a spacious courtyard with an orchard where buds were just beginning to swell on trees and shrubs, walked up a marble staircase to the second floor, and entered one of the countless rooms in what used to be the shah's palace. There were two people in the room--the leader of the detachment and his deputy who, judging by appearances, was acting as his bodyguard today. They looked very much alike. Thick beards covered their faces. Both wore black turbans. Over their wide trousers and shirts they wore brown woolen wraps. No shoes. The skin on their hands and feet had deep cracks.

The talks did not last long. Nabi asked the questions, and the answers came back, quick and precise, obviously considered beforehand.

"How many people are there in the detachment, what kind of weapons do you have?"

"Around 700. The arms include more than 100 submachine guns, several dozen rifles, 4 grenade launchers, 5 heavy machine guns, 1 mortar, 2 recoilless guns, and a rocket launcher. All the weapons have come from Pakistan," the leader answered.

"Your terms?"

"We are not setting any particular terms. I would just like to ask for transport to convey the families from the Pakistani border to our village and to provide them with food to begin with."

"What are your plans for the future? Why have you decided to give up the resistance?"

"I have spoken to all the people individually. They are tired of hiding in the mountains. They are tired of the senseless bloodshed. If they are guaranteed safety, my people are prepared to serve in the army, the militia, or--and this would suit us best--remain as a detachment and protect a given area, a section of the border, or any installation defined by the representatives of People's Power."

"Do you know the leaders of any other formations who would be prepared to lay down arms?"

"I am confident that there are quite a few."

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